

FBIS

DAILY REPORT

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NAKASONE MAY INCREASE DEFENSE ABOVE 1 PERCENT

OW311451 Tokyo NHK Television Network in Japanese 1000 GMT 31 Oct 85

[Text] At the last interpellation session of the Lower House Budget Committee today, the Prime Minister said he cannot say anything lightly about whether or not the National Defense Program Outline should be revised, thus implying that the outline could be revised in the future. Socialist Dietman Tetsu Ueda said the United States is strongly demanding a revision of the National Defense Program Outline. He then pressed the Prime Minister to assure that Japan will stick to this outline, which is aimed at repelling, by Japan's own efforts, small-scale, limited aggression.

But Prime Minister Nakasone replied: The mid-term defense plan, recently adopted by the administration, is intended to attain the levels of defense envisaged in the outline. Therefore, it would exceed my authority if I say anything more than that about the outline. I cannot say anything lightly about the future. The government should decide on the scope of Japan's defense by taking into consideration changes in the international situation and progress in science and technology at a given time. Thus he implied that the National Defense Program Outline could be revised in the future.

Meanwhile, Socialist Dietman Issei Inoue grilled the prime minister on the latter's official visit to the Yasukuni Shrine. When Inoue asked whether the prime minister has reflected on the visit in view of the impact the visit had on Japan's neighbors, Prime Minister Nakasone said: As a politician I should have carefully considered the possible reactions of our neighboring countries. I will lend an ear to the opinions of foreign countries in the future.

The lower house Budget Committee wound up its 4-day interpellation session today. The arena of verbal battle will move to the Upper House Budget Committee tomorrow.

DOLLAR PLUMMETS ON TOKYO FOREIGN EXCHANGE MARKET

OW010039 Tokyo KYODO in English 0027 GMT 1 Nov 85

[Text] Tokyo, Nov. 1 KYODO -- The U.S. dollar plummeted against the Japanese yen on the Tokyo foreign exchange market Friday, opening at 209.90 yen against 211.80 yen at Thursday's finish. The plunge followed an overnight sharp drop on overseas markets as many in the market sold U.S. dollars in fear of a record U.S. trade deficit in September and higher Japanese interest rates, narrowing wide gaps between Japanese and U.S. interest rates. The rate went below the 210 yen level for the first time in four years and seven months.

FINANCIAL OFFICIALS WANT YEN TO APPRECIATE MORE

OW010421 Tokyo KYODO in English 0415 GMT 1 Nov 85

[Text] Tokyo, Nov. 1 KYODO -- Finance Minister Noboru Takeshita told an upper house Budget Committee meeting Friday that he wants the Japanese yen to appreciate further against the U.S. dollar and remain at a higher level. Bank of Japan Governor Satoshi Sumita also said at the same meeting, "It is desirable for the yen to rise more in value against the dollar reflecting Japan's favorable economic fundamentals." "Fundamentals" is a term used to refer to basic economic factors such as unemployment, inflation and the balance of payments.

Sumita said the Central Bank is intervening in the foreign exchange market "in a decisive manner" but refused to disclose the size of its intervention. The American and European monetary authorities are also stepping into the markets to a considerable degree, he said.

YEUTTER REPORT ON JAPANESE TRADE BARRIERS VIEWED

0W310605 Tokyo KYODO in English 0550 GMT 31 Oct 85

[Text] Washington, Oct. 30 KYODO -- The United States Wednesday called for resumption by the end of this year of talks with Japan aimed at removal of residual Japanese restrictions on 13 agricultural products. The proposal was made in a report submitted to the Senate Finance Committee by U.S. Trade Representative Clayton Yeutter. The report, entitled, "Annual Report on National Trade Estimates 1985," is the first analysis by the U.S. Government of global trade barriers, based on the Trade and Tariff Act of 1984.

Detailing the present use of trade barriers among 34 countries suspected of being engaged in "unfair trade practices," and steps to be taken by the U.S. Administration, Yeutter said that the U.S. Government will try to remove all unfair trade practices mentioned in the report, through bilateral negotiations, stepped-up application of the Trade and Tariff Act and campaigns in international trade organizations. Stressing that the report reflects U.S. President Ronald Reagan's resolution stance toward combating unfair trading practices, he said the report is just the beginning, not the end of U.S. efforts for free trade.

While conceding that some items taken up in the report are not illegal in the light of international economic and U.S. domestic laws, Yeutter said the present international trading system allows too many trade obstacles. Yeutter thus hinted that the report is aimed at a review of the global trading system under the aegis of the General Agreement on Tariffs and Trade (GATT), a 90-nation body that coordinates to legal framework of world trade. Specifically, the report said the U.S. will continue to press its request for Japan to lower as early as possible tariffs on forest products through the so-called market-oriented sector-selective (MOSS) negotiations. The MOSS talks were set up in an agreement reached between Reagan and Japanese Prime Minister Yasuhiro Nakasone last January.

The report emphasized the "closed nature" of the Japanese market and suggested the U.S. Government regards Japan as the worst offender among the 24 nations covered in the report. It singled out Japanese trading practices on 31 items in seven categories -- tariffs and other import charges, quantitative restrictions, standards and certification systems, government procurement, export subsidies, barriers to services, and other barriers. Among the 31 items are semiconductors and tobacco. The U.S. Administration has decided to investigate both products under section 301 of the 1974 trade act which provides for possible retaliation against unfair trade practices. They also include three sectors other than forest products also subject to MOSS negotiations -- telecommunications, electronics, and medical equipment and pharmaceuticals. Noteworthy is the inclusion of some new sectors not yet covered in bilateral discussions. These include Japanese law on large retail stores, restricting establishment of department stores and supermarkets, and a code of Japan's Fair Trade Commission which restricts advertising activities in Japan.

While admitting that "Japan must trade to survive as an island nation without major natural resources," the report pointed out, "the Japanese economy relies heavily upon foreign trade." The report implicitly criticized Japan's orientation to trade in every aspect, saying: "Its trade policies, cultural attitudes, national industrial policy and tariff structures are singularly focused toward that goal."

SOUTH EXERCISES 'NO SOVEREIGNTY' IN FOREIGN TIES

SK310930 Pyongyang Domestic Service in Korean 0825 GMT 30 Oct 85

[Unattributed talk: "The South Korean Regime Is a Puppet Regime Which Has No Sovereignty in Foreign Relations"]

[Text] The great leader Comrade Kim Il-song has taught: The South Korean regime, which is a puppet regime established by the U.S. imperialists' guns and bayonets, is nothing but a tool which loyally executes its U.S. master's instructions.

The South Korean regime is a complete colonial, puppet regime which can exercise no right to sovereignty and equality in foreign relations. The South Korean puppets, first of all, cannot on their own decide upon a foreign policy which stipulates overall objectives and directions for the development of foreign relations. The puppets have put forth diplomacy for security, economic diplomacy, and diplomacy for promoting the foundations for reunification as objectives of their foreign policy. To realize these objectives, they have also put forth diplomacy for relations with allies, diplomacy for relations with nonaligned countries, and diplomacy for relations with communist countries as directions of their foreign policy. They have put forth all these objectives and directions according to the scenario written by the U.S. imperialists. This is evidenced by the fact that by changing their foreign policy in relations with the communist countries from a confrontational policy to a policy of dialogue after putting forth the Nixon doctrine in 1969, the U.S. imperialists maneuvered the South Korean puppets into engaging in diplomacy for relations with communist countries. Under their master's manipulations, the South Korean puppets began talking about so-called diplomacy for relations with communist countries since the 1970's. In the 1980's, they began babbling about the realization of the so-called North policy after making concrete their diplomacy for relations with communist countries.

The Chon Tu-hwan puppet clique is babbling that South Korea's admission into the United Nations is its policy. This is because the U.S. imperialists are actively instigating the Chon Tu-hwan puppet clique into this. The South Korean puppets also cannot exercise the right of sovereignty and equality in diplomatic activities, and act according to the U.S. imperialists' instructions. This is clearly shown by the fabrication of the Korean-Japan talks and the Korea-Japan agreement between the South Korean puppets and the Japanese militarists under the U.S. imperialists' manipulation. Originally, these talks were arranged by the urging of the then director of the diplomatic bureau of the U.S. Forces Pacific Command. However, faced with the South Korean people's strong opposition and rejection, the talks were suspended for some time. Later, under the pressure of the U.S. imperialists, who used aid as bait, the talks were resumed and an agreement was reached in the talks earlier than expected because of the U.S. imperialists' pressure and urging.

The treaty of mutual defense and the administrative agreement between South Korea and the United States are aggressive, nation-selling, and unequal treaties signed under the U.S. imperialists' pressure. When the West German side proposed the inclusion of the reunification issue in the joint statement during traitor Pak Chong-hui's junket to West Germany in 1964, he replied that he could not do that because it was not a matter approved by the U.S. Government. This is an example showing that the South Korean puppets can exercise no right of independence in external activities.

The fact that the South Korean puppets can exercise no right of equality is also evidenced by the content of contracts which they have concluded with foreign countries. For example, out of 510 contracts on economic matters which the South Korean puppets concluded with foreign countries as of the end of September 1984, 194 contracts -- around 40 percent of the total contracts -- are unequal contracts which are in

gross violation of the international fair transactions law. The South Korean puppets have friendly relations with Israel, which is denounced by the world's people, and with the South African racists, who all African people hate and oppose, because they were ordered by the U.S. imperialists.

The South Korean puppets are severely ignored and receive ill treatment in diplomatic protocol, as well as in diplomatic activities.

The fact that during his junket to South Korea in 1979, U.S. President Carter landed in the rascals' military airport without any procedure regarding diplomatic protocol; was prowling about the U.S. imperialist forces' unit; and left for the U.S. Embassy clearly shows how he ignored the South Korean rulers. During his junket to the United States in 1981, traitor Chon Tu-hwan attended a brief ceremony in front of the hangar far away from the main runway of the airport -- receiving different treatment than other heads of state -- and barely managed to enter the hotel through the underground garage, not the main entrance.

Also during his junket last April, traitor Chon Tu-hwan was treated as the lowest. There was no formal function, and the man who welcomed Chon Tu-hwan at the airport when he arrived in Washington was an assistant secretary of a department of the U.S. Administration. The Vice President arranged a banquet, even though it was arranged in the name of Reagan, and as a result of talks a joint press announcement, instead of a joint statement was made.

The South Korean puppets are also ignored in their relations with countries other than the United States. For example, during traitor Chon Tu-hwan's junket, Canada and Kenya did not fire a salute and arranged a very brief ceremony. All facts clearly show that the South Korean regime is a complete colonial, puppet regime which has no practical power in foreign relations.

'SSANGNYONG-85' EXERCISE IN SOUTH CRITICIZED

SK010544 Pyongyang KCNA in English 0521 GMT 1 Nov 85

[Text] Pyongyang November 1 (KCNA) -- The Chon Tu-hwan military fascist clique staged the provocative war exercise "Ssangnyong 85" on a full-dress in the western sector of the front on October 30, according to a report. That day the puppets transferred puppet army unit and "homeland defence reserve forces" more than 10,000 strong to the area of the western sector of the front 350 kilometres off their positions in the rear and drove them into river-crossing, air-mobile and artillery-firing exercises.

The puppets armed the "homeland defence reserve forces" mobilized in the war game with the same equipment as troops on the active list and hurled them into military rehearsals against the North round the clock, advertising them as "small unit training" and so forth. The frantic exercise for northward invasion is a treacherous act throwing a shadow on the prospect of the multi-channel dialogue now in progress between the North and South of Korea. This evokes protest and denunciation from the entire Korean people and world people who hope for the reunification of the country.

OVER 2,000 STUDENTS DEMONSTRATE IN SOUTH

SK010607 Pyongyang KCNA in English 0602 GMT 1 Nov 85

[Text] Pyongyang November 1 (KCNA) -- More than 2,000 students of three universities in Seoul held anti-"government" demonstrations on October 31, according to a REUTER report from Seoul. That day over 1,500 students of a university in Seoul staged an anti-"government" demonstration, chanting slogans against the Chon Tu-hwan military fascist clique. They furiously hurled stones at the riot police which blocked their way to keep them from taking to the street, firing teargas shells.

That day over 500 students of two other universities in Seoul held an undaunted anti-"government" demonstration, pelting stones at the riot police rushed to the scene. The students staged demonstrations long hours, accusing Chon Tu-hwan of being a military dictator.

SOVIET FILM SHOW OPENS ON OCTOBER REVOLUTION

SK010608 Pyongyang KCNA in English 0540 GMT 1 Nov 85

[Text] Pyongyang November 1 (KCNA) -- A Soviet photo exhibition opened under the sponsorship of the Central Committee of the Korean-Soviet Friendship Society on the occasion of the 68th anniversary of the Great October Socialist Revolution. Its opening ceremony was held Thursday at the Chollima House of Culture.

Speeches were made there by Yi Kil-tu, vice-chairman of the Commission of Light Industry and vice-chairman of the Central Committee of the Korean-Soviet Friendship Society, and Nikolay Shubnikov, Soviet ambassador to Korea. The attendants saw pictures showing the successes achieved by the Soviet people in the revolution and construction after the Great October Socialist Revolution. They also appreciated a Soviet feature film.

NORTH DELEGATES PARTICIPATE IN U.S. SEMINAR

SK010347 (Clandestine) Voice of National Salvation in Korean to South Korea 1000 GMT 1 Oct 85

[Text] (Washington) -- A seminar on the history and culture of Asian countries participated in by scholars from the North was held in Washington, the United States, from 25 to 27 October. At the seminar sponsored by the U.S. Association of Asian Studies, the North's delegates introduced successes achieved in the in-depth studies of history in recent years in the North.

NODONG SINMUN ON ATTAINING 1985 EXPORT COALS

SK010519 Pyongyang Domestic Service in Korean 2136 GMT 30 Oct 85

[NODONG SINMUN 31 October editorial: "Let Us Attain This Year's Export Goals Without Fail"]

[Text] All sectors of the people's economy are facing important tasks to actively carry out production in the short remaining period before the end of the year and to attain the plans of this year, the export goals of this year in particular, by indexes.

The great leader Comrade Kim Il-song has taught that all sectors of the people's economy must produce export goods preferentially, decisively improve the quality of export goods, and meet delivery time without fail. Our heroic working class and all working people have continued to bring about high upsurges in production since the beginning of this year by upholding the party's appeal to glorify this meaningful year with shining labor successes. In particular, they have successfully waged the struggle to attain daily, monthly, quarterly, and indexed export goals without fail. However, the battle to attain this year's export goals has not yet ended, with tasks still remaining to be accomplished. The production in the short remaining period before the end of the year will largely decide the success in the export of this year.

Export goals are ones set forth by law which must be attained, come what may. Only when the export goals of this year are attained without fail can the economic relations with foreign countries be further developed, can socialist construction be stepped up, and can the people's standard of living be epochally improved. All sectors and units must fully dig out and mobilize all possible potential and hidden resources and adhere to organizational work. By so doing, they must attain this year's export goals without fail.

To attain this year's export goals without fail, above all, all-out efforts should be exerted by the entire party, the whole country, and all people for the production of export goods. Everything should be made to serve the production of export goods, and priority should be given to the production of export goods. This is the party's demand. Therefore, the entire party, the whole country, and all people must exert all out efforts and struggle for the production of export goods and for the attainment of this year's export goals. This is a priority task facing the functionaries of the economic organizations of the party and state, and working people.

All functionaries and working people, by adopting a stand that export is precisely production, should plan, organize, and command the battle to attain this year's export goals. The efforts of concerned functionaries and the plants and enterprises producing export goods are not enough to attain this year's export goals. All related sectors and units, and all related functionaries and working people must regard the production of export goods as the tasks specifically given to them and swiftly produce and supply the materials, fuel, and cooperative products needed for the production of export goods. Only then can this year's export goals be attained ahead of schedule.

The State Administration Council, its committees and ministries, and all related sectors and their functionaries and working people must produce the materials and resources needed for the production of export goods first, and supply them swiftly. The attainment of this year's export goals largely depends on the roles of the committees and ministries of the State Administration Council and of the industrial complexes. The committees and ministries of the State Administration Council and the industrial complexes, and the functionaries of the plants and enterprises producing export goods must evaluate their given export goals and their actual export amount and accordingly plan the production organizational work to attain their goals before the end of the year without fail. To this end, functionaries must go to lower levels. Functionaries of the ministries of the State Administration Council and of plants and enterprises must simplify their briefing and documentation procedures and go to the plants and enterprises of their sectors and to the work sites of their plants and enterprises. By so doing, they must check the status of the production of export goods and the status of export and solve the pending problems by exerting all-out efforts. In particular, materials, resources, and cooperative products must be produced in a close relationship, and proper transport conditions should be provided.

In attaining this year's export goals, the General Mining Bureau of Tanchon district, and the metallurgical, coal, and building material industries are facing heavy tasks. The Chollima steel complex and the Kim Chaek Iron Works, by upholding the party's call to stabilize production at a high level, have recently increased the number of export good items and export amount by exerting all-out efforts to this end. The General Mining Bureau of Tanchon District and the metallurgical, coal, and building material industries must more meticulously plan the battle for production and mobilize everything for export. By so doing, they must guarantee the production of goods by indexes to be exported to foreign countries, our major export countries in particular.

The attainment of this year's export goals is directly linked with transport work. The railway sector must mobilize transport means to a maximum extent. By so doing, they must guarantee the production of goods by indexes to be exported to foreign countries, our major export countries in particular.

The attainment of this year's export goals is directly linked with transport work. The railway sector must mobilize transport means to a maximum extent. By so doing, it must preferentially transport the materials, resources, and cooperative products needed for the production of export goods. At the same time, the railway sector and the sea and land transport sector must carry out rolling stock and ship repair work properly. By so doing, the amount of the transport of export goods should be increased.

The trade organizations must assume responsibility for all foreign trade work, regularly check the status of the attainment of export goals by committees and ministries, and ensure the timely shipment of export goods by ensuring proper contract work and by properly carrying out ship chartering and dispatching work. It is important to improve the quality of export goods. Even if there is only a short time before the end of the year, we must still pay due attention to improving the quality of export goods. Party organizations and functionaries of all sectors and units must intensify ideological education work to make party members and working people to pay special attention to producing export goods and improving quality, and produce beautiful and rugged goods. Party organizations and functionaries at all levels must increase the rate of processed goods in export, and render proper guidance to produce new export goods through the mobilization of the rich resources of the country for the production of export goods.

At present, the zeal of our party members and working people is very high. When this zeal is mobilized to the maximum degree, this year's plan and export goals can be attained without fail. The question is how the masses are mobilized, and how the organization work is carried out. By upholding the party's call to mobilize the entire party, the whole country, and all people to increase the production of export goods and attain this year's goals without fail, all party organizations and the members of the three-revolution teams must carry out organizational and political work more aggressively. At the same time, they must regularly check the status of the export battle and the status of the attainment of export goals and work out required countermeasures. By so doing, they must ensure continued innovation and progress in the socialist economic construction.

PAK SONG-CHOL ATTENDS NODONG SINMUN COMMEMORATION

SK010632 Pyongyang KCNA in English 0550 GMT 1 Nov 85

[Text] Pyongyang November 1 (KCNA) -- A meeting celebrating the 40th anniversary of the founding of NODONG SINMUN (November 1, 1945) was held at the People's Palace of Culture on October 31. Present there were Pak Song-chol, Kim Hwan and Ho Tam, members of the Political Bureau of the Central Committee of the Workers' Party of Korea; Chong Chun-ki, alternate member of the Political Bureau of the WPK Central Committee; Ho Chong-suk, secretary of the WPK Central Committee; and officials concerned; the journalists, editors and other employees of NODONG SINMUN and men of the press in the city. Invited there were journalists of the General Association of Korean Residents in Japan (Chongnyon) now visiting the homeland including Yi Chong-no, deputy director of Choson Sinbo, press officials of various embassies in Pyongyang, an official of an international organisation and foreign correspondents.

Vice-president Pak Song-chol read a congratulatory message of the Central Committee of the Workers' Party of Korea to the journalists, editors and other employees of NODONG SINMUN. From the first days of its founding, it notes, NODONG SINMUN has made a big contribution to strengthening the unity and cohesion of the whole party in ideology and purpose, resolutely defending the party Central Committee headed by respected Comrade Kim Il-song politically and ideologically, and to effecting great changes in the revolution and construction and modelling the whole of society on the chuche idea and powerfully inspired the cause of national reunification and the cause of anti-imperialism and independence.

Yi Song-pok made a report. He said that the great leader President Kim Il-song put forward an outstanding idea on the building of revolutionary publications, founded and guided the paper SAENAL, the monthly SAMIL WOLGAN and other revolutionary publications in the period of the anti-Japanese revolutionary struggle and, on the basis of this tradition, founded NODONG SINMUN, the party paper, after founding the party shortly after the country's liberation.

The founding of NODONG SINMUN, he noted, was the first in the history of the revolutionary publications to appear as the party organ of the chuche type serving for the victory of the chuche cause, guided by the chuche idea.

The reporter said that the path covered by the party paper NODONG SINMUN is a shining record of the history of the glorious and brilliant guidance of the great leader and the party centre and a history of the active propagandist, defender and executor of the party line and policy. NODONG SINMUN has comprehensively brought to materialisation the party's idea, theory and intention in keeping with the demand of the new reality, thereby actively playing the role of an organisational propagandist and an organisational mobilizer for accelerating the cause of modelling the whole society on the chuche idea and bringing earlier the complete victory of socialism under the banner of the three revolutions: ideological, technical and cultural, the reporter said.

He continued: Dear Comrade Kim Chong-il defined the party paper as the most powerful ideological weapon of the party contributing to the modelling of the whole society on the chuche idea and, on this basis, gave new answers to all questions arising in the overall work of the coverage and writing by journalists and editing of the paper, setting it as the basic principles in the press activity to thoroughly establish chuche, correctly seize seeds and conduct a speed campaign, work in accordance with the party's intention and demand. His idea and theories on the building of the party paper are an undying encyclopedia giving flawless answers to all the practical questions arising in the work of the party paper, a precious guideline indicating the road for the party paper to serve better for the accomplishment of the cause of modelling the whole society on the chuche idea and a militant banner which makes it possible to strengthen and develop NODONG SINMUN forever as the party paper of chuche type.

Outlining the tasks facing NODONG SINMUN today, the reporter stressed that the party paper should remain the mightiest ideological citadel and shield firmly defending the party and the leader forever through generations and ensuring their authority and prestige in every way. A silk banner was conveyed in the name of Choson Sinbo at the meeting. The meeting adopted a letter of pledge.

Kim Il-song's Congratulations

SK311048 Pyongyang KCNA in English 1022 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- The great leader President Kim Il-song, together with leading cadres of the party and state, congratulated workers of NODONG SINMUN on the 40th anniversary of its founding and posed for a photograph with them.

When he appeared at the People's Palace of Culture, the thunderous cheers of "Long live the great leader Comrade Kim Il-song" burst out. A bunch of flowers carrying boundless respect and reverence was presented to President Kim Il-song.

He was accompanied by Comrade Kim Chong-il, member of the Presidium of the Political Bureau, and secretary, of the Central Committee of the Workers' Party of Korea; Comrade O Chin-u, member of the Presidium of the Political Bureau of the WPK Central Committee and minister of People's Armed Forces; Comrade Kang Song-san, member of the Political Bureau of the WPK Central Committee and premier of the Administration Council; Comrade Yim Chun-chu, Yi Chong-ok and Kim Hwan, members of the Political Bureau of the WPK Central Committee; Comrades Yi Kun-mo and Kye Ung-tae, alternate members of the Political Bureau of the WPK Central Committee; and Comrades Ho Chong-suk and Pak Nam-ki, secretaries of the WPK Central Committee.

President Kim Il-song, together with the members of the Presidium of the Political Bureau of the WPK Central Committee, congratulated the workers of NODONG SINMUN upon having powerfully inspired the entire party membership and working people to the revolution and construction over the past 40 years, upholding our party's policy of ideological work, and had a photograph taken with them. NODONG SINMUN workers were burning with boundless respect and reverence for President Kim Il-song who has strengthened and developed NODONG SINMUN, the party paper, to be a powerful political and ideological weapon of our party and reared its reporters and editors to be a glorious main detachment on the ideological front of the party and filled with a firm resolution to bring about a new change in the work of realising the cause of modelling the whole society on the chuche idea under the leadership of the party.

HWANGHAE IRON, STEEL COMPLEX OUTPUT VIEWED

SK291046 Pyongyang KCNA in English 1030 GMT 29 Oct 85

[Text] Pyongyang Oct. 29 (KCNA) -- The daily output of pig iron grew 1.3 times, steel 1.4 times and rolled steel 1.5 times at the Hwanghae iron and steel complex as against the corresponding period last year.

The complex consists of the Hwanghae iron works and its allied mines and factories. It holds an important place in the nation's iron and steel production.

The production processes are equipped with industrial TV, automation and remote control devices.

The great leader President Kim Il-song has given on-the-spot guidance to it on 36 occasions and teachings on over 250 times since the country's liberation, thus indicating the direction and way to be followed by the complex in each period of the developing revolution.

In the period of the Japanese imperialist colonial rule the Hwanghae iron works was a lopsided factory producing semi-finished goods only. And it was levelled with the ground at that time in bombings of the U.S. air pirates during the 1950-1953 war.

President Kim Il-song visited the Hwanghae iron works three days after the ceasefire in July 1953 and indicated the direction and ways for its rehabilitation and construction. A 100-ton open-hearth larger than the prewar one was built and many workshops were rehabilitated and reconstructed on the ruins in less than one year after the war. Later, new furnace, coking battery, open-hearth and the May 14 workshop, the reduced ball ore shop and other new workshops were built and the capacities of the existing installations increased.

Under the energetic guidance of dear Comrade Kim Chong-il the Hwanghae iron and steel complex has become a model of automation in the 1970s. Recently the section steel mill with a capacity of millions of tons has been reconstructed and expanded and a new wire rod shop has been built to considerably increase the capacity of the rolling system. Now a 6,000 cubic metre oxygen shop is under construction.

Today the Hwanghae iron and steel complex has turned into an all embracing ferrous metallurgical base furnished with all processes from the production of pig iron to that of steel and rolled steel. The output of pig iron has increased 9 times, steel 11 times, rolled steel 13 times and varieties 29 times as against 1944. Over the last ten years more than 5,000 invention, renovation and rationalisation proposals have been introduced into production and 19 technical innovation proposals were awarded the state patent rights.

NODONG SINMUN DISCUSSES IDEOLOGICAL WORK

SK302130 Pyongyang Domestic Service in Korean 2130 GMT 29 Oct 85

[NODONG SINMUN 30 October editorial: "Let Us Improve and Strengthen the Party's Ideological Work in Conformity With the Demands of the Developing Reality"]

[Text] Today, our country's socialist construction is deepening and developing to a high stage. Upholding the party's militant calls, all party members and working people are energetically marching in order to create new upswings in the revolution and construction. The developing reality demands that party organizations at all levels and working people further improve and strengthen the party's ideological work.

Comrade Kim Chong-il, member of the Political Bureau Presidium and secretary of the WPK Central Committee, has noted The party's propaganda functionaries should do their utmost to improve and strengthen the party's ideological work in conformity with the new demands of the developing revolution.

Ideological work is the fundamental duty of the party and it plays an important role in the party's work and activities. Only when the party's ideological work is improved without interruption will it become possible to further strengthen the party and realize the party's leadership over the revolution and construction successfully. This being the case, party organizations should always concentrate greater efforts on adhering to the ideological work and on developing it substantially and intensively as demanded by the developing reality.

Today, improving and strengthening the party's ideological work has emerged as a fundamental requirement for creating a new upswing in socialist construction. The working people's zeal and creativity constitute the mightiest driving power behind socialist construction. Such revolutionary zeal and creativity can be highly demonstrated only when the masses themselves assume the party's lines and policy as their own code of faith and deeply grasp the justness of their own cause.

Once the popular masses' ideology is mobilized through the strengthening of ideological work, there can be no difficulties that we cannot overcome. This has been proven well by the history of our party, which has created an epic of socialist construction by organizing and mobilizing the popular masses' ideology and zeal. Whenever our party has faced difficult tasks in the past, it has solved them by calling forth the party members and working people to solve the problems through the strengthening of the ideological work.

It is thanks to the fact that the party members and working people were firmly summoned to the implementation of the party policy through the strengthening of ideological work that the great Chollima upsurge was created in socialist construction after the maneuvers of the enemies within and without were crushed in the most difficult and complicated days that followed the war. To our party, which is carrying out the revolution while struggling, no weapon is mightier than ideological work.

Our party now faces the task of creating a greater upswing in socialist construction. We should epochally develop the country's economy within a few years and, at the same time, overfulfill this year's economic plan.

The spirit of the masses is very high. The party organizations should see to it that the party members and working people achieve uninterrupted advancement in socialist economic construction by having the party members and working people keep their surging spirit on the upswing through the energetic development of ideological work.

Improving and strengthening the party's ideological work is also necessary for organizing the party and revolutionary ranks politically and ideologically in conformity with the demands of the prevailing situation.

Our revolutionary ranks' ideological and ideological might has become greater than ever before. Not only are the entire party and all the people rallied rock-firm around the party and leader, but they are also advancing while tenaciously struggling with the firm conviction that their revolution will triumph. This serves as the source of strength allowing our party to be ever-victorious in the future as well.

We should never, for even a moment, neglect the ideological work designed to bolster such political and ideological strength. In strengthening ideological work among the party members and working people lies the important key for resolutely crushing the reactionary ideological offensive of imperialism and all other enemies; to firmly defend the party, the people's government, and the socialist system; and to firmly advance the revolution and construction.

In the past, our party paid deep attention to improving the party's ideological work in conformity with the new demands of the developing revolution. In particular, there has been a great change in our party's ideological work in recent years through the work of ensuring that all ideological work develops substantially in conformity with the concrete environment and struggle tasks.

We cannot be content with this, however, and we should struggle more positively to develop the ideological work more intensively in conformity with the intentions and demands of the party.

What is important in improving and strengthening the party's ideological work at present is for all propaganda functionaries to establish a firm spirit of doing their work on the basis of political work in accordance with the demands of the ideological work itself. Essentially, ideological work is work with living beings who are remodeling and mobilizing the ideology.

Whatever the tasks they may face, the functionaries in the propaganda sector should assume it as their unwavering principle to complete tasks by advancing the masses' ideology and heightening their zeal. To contribute to the revolution by developing the work of ideological indoctrination and agitation work in such a way as to make the administrative and economic functionaries, party members, and working people carry out their revolutionary tasks in a manner befitting masters, and with responsibility, is the mission of the propaganda functionaries.

In terms of its scope, ideological work has no boundaries. No work in any sector of social life is unrelated to ideological issues. Whatever the place or area, as long as people are there, ideological work will find its subject. This being the case, the functionaries engaged in the propaganda sector should develop the ideological work on a broader scale and develop it as a normal work.

It is the fundamental function of the party's propaganda functionaries to understand and control the masses' ideological condition and state at all times and, based on it, write a correct prescription or plan and organize and mobilize the masses to implement the party's lines and policy.

The party's propaganda functionaries should be capable enough to correctly grasp the ideological issues arising from promoting economic work in conformity with the party's intentions, rather than confining themselves to administrative and practical work, and should always think of how to help solve problems that arise through ideological work.

At the same time, they should concentrate on seeing to it that such important lines as the line of the three revolutions and policy matters are implemented consistently.

To bring the party's ideological work closer to reality, the reality vibrant with life, and to develop the work substantially so it can prove its worth in practice is an important policy demand facing the sector concerned with ideological work.

Party organizations at all levels and functionaries should substantially develop all ideological work on the basis of concrete analysis of the assigned revolutionary tasks and the degree of the masses' preparedness and should concentrate more on content than on form. At the same time, they should set their sights on the correct target and develop the ideological work in a goal-oriented manner. Only in this way can they strike the chords in the masses at one stroke in agitation work and train people, even if it has to be a single person, to become ardent revolutionary fighters with a firm and clear-cut political standpoint.

Above all, party organizations and functionaries should more energetically develop the work of ideological indoctrination for the party members and working people.

The work of ideological indoctrination constitutes the base of our party's ideological work. Only when the work of ideological indoctrination is strengthened will it become possible to train the party members and working people to be ardent revolutionaries with a firm chuche-oriented revolutionary world outlook and capable of struggling to the end for the party, the revolution, the fatherland and the people.

All the functionaries engaged in the party's propaganda sector should adhere to the work of ideological indoctrination for the party members and working people as their chief mission and should concentrate greater effort on this.

Indoctrination on the chuche idea, the revolutionary traditions, classes, socialist patriotism, and communism is important in the work of ideological indoctrination, which the party organizations at all levels and functionaries should develop energetically.

We should see to it that the party members and working people assume the chuche idea as their own code of faith under any circumstances and think and act in conformity with the demands of the chuche idea by tenaciously conducting indoctrination on the chuche idea without interruption. We should also make everyone correctly understand the historical roots of the party and the revolution and vigorously struggle for the consummation of the chuche cause with endless loyalty to the party and leader by conducting indoctrination on the revolutionary traditions in various forms and ways.

At the same time, class education and education on socialist patriotism should be intensified in accordance with the demand of the prevailing situation. By so doing, party members and working people should be made to possess firm working class views and burning patriotism for the fatherland and devote themselves to the struggle to defend the socialist system and seek the prosperity and development of that system.

The way to conduct ideological education and the related questions on which emphasis should be placed have all been elucidated clearly. The question is how the party organizations and functionaries at all levels, and the propaganda functionaries, carry out this work. All propaganda functionaries of the party must intensify education to make people learn the principle of revolution.

By so doing, they must make party members and working people deeply grasp the inevitability of the revolutionary movement in which victory is won through the ideology and leadership of the leader, and the truth of the class struggle. Only then can they be made to firmly maintain their fundamental and class stand, and work only in accordance with the party's intent.

At the same time, all ideological education work should be carried out as urgent work for the accomplishment of the revolutionary task, and in close relationship with organizational and ideological life.

Party organizations and functionaries should also vigorously carry out the propaganda agitation work for socialist economic construction. The propaganda agitation work for socialist economic construction work is important ideological work to arm party members and working people with the economic policy of the party and mobilize them for its implementation.

All party organizations and functionaries should have correct views regarding the propaganda agitation work in order to carry it out vigorously in all fields. What is most important in this regard is to actively carry out the economic propaganda agitation work using many styles and methods in accordance with the demand of the developing reality. Propaganda agitation work should be carried out in accordance with conditions and missions, which change ceaselessly. Therefore, there should be no fixed style with regard to this. All party organizations should boldly do away with obsolete styles and methods, and basically improve the style, method, and content of the agitation work in conformity with the demand of the developing reality.

In particular, oral agitation work, art agitation work, objective agitation, and all other agitation work created by our party must be actively embodied. By so doing, the working people's creative zeal must be fully mobilized. In addition, all party organizations and functionaries should place emphasis on the work of implementing the slogans of the party Central Committee issued on the occasion of the 40th anniversaries of the fatherland's liberation and the party's founding.

The struggle to implement the slogans of the party Central Committee is a very important one to strengthen the political and ideological unity of our people rallied around the party and the leader, and the might of the socialist economy of our country. All party organizations, with the spirit and courage with which the 40th anniversaries of the fatherland's liberation and the founding of the party were observed with lofty labor successes, must mobilize party members and working people to the struggle to accomplish the given militant tasks.

In particular, administrative and economic functionaries should be made to regard the party's lines and policies as faith, overcome difficulties with the spirit of wading through swamps and crossing burning rivers, and carry out economic organizational work meticulously.

At the same time, propaganda agitation work should be intensified among youths, the members of the main unit in socialist economic construction. By so doing, they should be made to take the lead in the struggle to implement the economic policies of the party and play the role of shock brigade in all fields.

Party organizations and propaganda functionaries must make scientists and technicians loyally serve the party and the revolution with successes won with lofty political consciousness and zeal.

In order to improve and intensify the party's ideological work, propaganda functionaries must go deeply among the masses.

Success can be won in the ideological work only when the masses' ideas, consciousness, and mind are specifically realized and addressed. The masses are the subject of the party's ideological work. Therefore, without the masses there is no work for propaganda functionaries.

Our party has constantly stressed that all functionaries, propaganda functionaries in particular, must penetrate the seething reality and go among the workers and farmers to carry out the ideological work vigorously. "Let the entire party go deeply among the masses" -- this is the slogan our party has invariably maintained.

In accordance with the demand of the party, all party propaganda functionaries must make it a system and habit to go to lower levels and penetrate the masses. By going to lower levels, party propaganda functionaries must meet face to face with members of three-revolution teams, with workers at job sites, and with farmers to talk with them, to listen to them, to encourage them, and to properly lead the propaganda functionaries of the lower units.

At the same time, while working along with the production workers, party propaganda functionaries must actively find the models among them, and must place emphasis on widely universalizing their successes and experiences. By so doing, they must give confidence and courage to the members of the three-revolution teams, workers at various sites, and production workers, and must ensure that the party's call is thoroughly embodied -- the call to have one educate and mobilize ten, ten educate and mobilize a hundred, and a hundred educate and mobilize a thousand.

In order to improve and intensify the party's ideological work, all propaganda functionaries must work in a militant and bold manner. Only when the party propaganda functionaries standing on the front line of the ideological work are active can the entire party become active, and the country thus filled with the revolutionary spirit.

The propaganda functionaries of our party -- a party that is engaged in revolution and struggle -- must not lose courage, but must always work with overflowing spirit and zeal. With the spirit that enabled people to create new records and miracles at every work site through the new and moving propaganda and agitation during the period of the great Chollima upsurge following the war, all propaganda functionaries must carry out the ideological work. Only then can many standard-bearers of innovation and creators of new miracles emerge, as the pioneers of the Chollima movement emerged in the past. Only then can even greater upsurges in socialist construction be brought about.

At the same time, the work of improving the level of the party propaganda functionaries in conformity with the demand of the developing reality must be vigorously carried out. All party propaganda functionaries must deeply realize that no progress can be made in the ideological work if obsolete working methods are used. They must make all-out efforts to learn our party's revolutionary views regarding the masses and its method of mobilizing the masses. In going to lower levels, party propaganda functionaries must teach propaganda and agitation methods to the propaganda functionaries of the lower units, and lead them correctly by employing the method of universalizing examples and many other methods.

Today, our revolution is facing a very heavy task, and the party's expectations with regard to the propaganda functionaries are great. All party organizations and propaganda functionaries must make a new turn in the party's ideological work. By so doing, they must strengthen the political and ideological might of our revolution and bring about an even greater upsurge in socialist construction.

HO CHONG-SUK MEETS PRC YOUTH LEAGUE DELEGATION

SK310501 Pyongyang KCNA in English 0454 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- Ho Chong-suk, secretary of the Central Committee of the Workers' Party of Korea, on October 30 met and had a friendly talk with the delegation of the Communist Youth League of China headed by He Guangwei, member of the Secretariat of its Central Committee, which came to Korea to attend the celebrations of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war.

Present there were Na Yong-su, vice-chairman of the Central Committee of the League of Socialist Working Youth of Korea, and Zong Kewen, Chinese ambassador to Korea.

Friendship Meeting Held

SK310525 Pyongyang KCNA in English 0512 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- A friendship meeting between Pyongyang school youth and children and the members of the delegation of the Communist Youth League of China visiting Korea to attend the celebrations of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war was held on October 30 at the gymnasium of the Pyongyang Students and Children's Palace.

The meeting was addressed by Na Yong-su, vice-chairman of the Central Committee of the League of Socialist Working Youth, and head of the delegation He Guangwei, member of the Secretariat of the Central Committee of the Communist Youth League of China.

Na Yong-su said: When our once peaceful country was exposed to danger due to the war of aggression started by the U.S. imperialists, fine sons and daughters of the fraternal Chinese people rushed to the Korean front under the banner of "Resisting America and aiding Korea, safeguarding the home and defending the motherland" and helped our people's struggle with their blood in the spirit of defending the soil of their own country.

He wished the Chinese people and youth greater success in opening a new phase of four modernisations of socialism by implementing the decisions of the 12th National Congress of the Communist Party of China and in reunifying the whole country by having Taiwan returned to the motherland.

Our youth, students and children, he declared, will keep shine forever, through generations, the Korea-China friendship which has been brought into full bloom by the great leader Comrade Kim Il-song and dear Comrade Kim Chong-il together with respected comrades Hu Yaobang and Deng Xiaoping.

He Guangwei said the delegation had been received by President Kim Il-song, the great leader of the Korean people and a close friend of the Chinese people, and was shown care by him.

He sincerely wished the Korean people and youth greater success in their struggle to attain the ten long-range objectives of socialist economic construction for the 80s in response to the decisions of the Sixth Congress of the Workers' Party of Korea. We, he said, fully support the three principles and five-point policy of national reunification put forward by the Workers' Party of Korea and the Korean Government and believe that Korea will surely be reunified.

Souvenirs and silk banners were exchanged at the meeting.

PRC DELEGATIONS MARKING CPV ANNIVERSARY DEPART

SK311050 Pyongyang KCNA in English 1034 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- The delegation of the Communist Youth League of China headed by He Guangwei, member of the Secretariat of its Central Committee, the delegation of the bereaved families of fallen fighters of former Chinese People's Volunteers [CPV] headed by Liu Jaijun, director of the organisational section of the General Political Department of the Chinese People's Liberation Army, and the delegation of the China-Korea Friendship Hongxing People's Commune headed by its Vice-President Zhang Wenqing left for home today by train after attending the celebrations of the 35th anniversary of the entry of the CPV into the Korean war. The delegations were seen off at Pyongyang railway station by officials concerned and Chinese Ambassador Zong Kewen.

AGREEMENT WITH PRC SCIENCE UNIVERSITY SIGNED

SK010609 Pyongyang KCNA in English 0543 GMT 1 Nov 85

[Text] Pyongyang November 1 (KCNA) -- A 1986-1987 working plan for cooperation in science and education was signed in Pyongyang on October 31 between the University of Science of our country and the University of Science and Technology of China. Present at the signing ceremony on our side were No Sang-kyun, president of the University of Science, and other officials concerned and on the opposite side were the members of the delegation of the University of Science and Technology of China headed by its Vice-Rector Xin Houwen and an official of the Chinese Embassy in Pyongyang.

KANG HUI-WON MEETS PRC HONGXING COMMUNE GROUP

SK310506 Pyongyang KCNA in English 0458 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- Comrade Kang Hui-won, alternate member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chairman of the Pyongyang Municipal Administration and Economic Guidance Committee, on October 30 met and had a friendly talk with the delegation of the China-Korea Friendship Hongxing People's Commune headed by its Vice-President Zhang Wenqing. Present there was Wang Kyong-hak, vice-chairman of the Pyongyang Municipal Administration and Economic Guidance Committee.

Welcome Meeting Held

SK310510 Pyongyang KCNA in English 0500 GMT 31 Oct 85

[Text] Pyongyang October 31 (KCNA) -- A meeting was held at the Korea-China Friendship Taekam Cooperative Farm Wednesday to welcome the delegation of the China-Korea Friendship Hongxing People's Commune headed by its Vice-President Zhang Wenqing which came to Korea to attend the celebrations of the 35th anniversary of the entry of the Chinese People's Volunteers into the Korean war. Speaking at the meeting, Cha Tu-hyok, chairman of the management board of the cooperative farm, said that the Taekam Cooperative Farm and the Hongxing People's Commune established friendly ties 25 years ago and have deepened friendship through mutual visits and other occasions. Noting that following the Third Plenary Meeting of the 11th Central Committee of the Communist Party of China the Chinese people have achieved political stability and unity of the country and scored great successes in the four modernizations of socialism, the speaker hailed the success made by the members of the Hongxing People's Commune.

He said: Our farmers, together with the rest of our people, will always struggle shoulder to shoulder with the fraternal Chinese people and the members of the China-Korea Friendship Hongxing People's Commune, firmly joining hands with them in the struggle for socialist construction.

Speaking next, Zhang Wenqing said that the friendly relations between the Chinese and Korean peoples have deep historic roots. The Chinese people will always remember the Korean people who actively supported the Chinese revolution in the common struggle against foreign aggressors, the speaker stated.

Noting that this year the Korean people celebrated the 40th anniversary of the founding of the Workers' Party of Korea with a high degree of revolutionary enthusiasm and successes in their creative labour, the speaker said: All the successes achieved by the Korean people today are attributable to the wise leadership of the Workers' Party of Korea headed by President Kim Il-song and the warm care of Comrade Kim Chong-il.

President Kim Il-song powerfully promoted the cause of Korean reunification by putting forward the proposal for establishing the Democratic Confederal Republic of Koryo, he said, and stated: The Chinese people fully support the Korean people's just struggle for the independent and peaceful reunification of the country.

Silk banners were exchanged at the meeting.

KIM IL-SONG WORK ON RAILWAY TRANSPORT PUBLISHED

SK300511 Pyongyang KCNA in English 0444 GMT 30 Oct 85

[Text] Pyongyang October 30 (KCNA) -- "On Developing Railway Transport," a collection of works of the great leader President Kim Il-song, came off the press at the Workers' Party of Korea Publishing House.

Contained in the book are full texts of or excerpts from 43 works indicating the outstanding ideas and policies he expounded to constantly develop railway transport in each stage of the economic development in our country.

President Kim Il-song in his works expounds the position and role of the railways in the national economy of the country and the necessity to constantly develop the railway transport.

He also indicates policies and ways for decisively increasing the capacity of railway transport by further consolidating the material and technical foundations of the railways, improving the organisation and command of railway transport and lifting the utility rate of the means of railway transport to the maximum.

The works give scientific answers to theoretical and practical questions arising in constantly developing railway transport including the question of establishing revolutionary discipline and order in railway transport, the question of improving services and culture in railway transport, the question of strengthening the party's guidance and political guidance to railway transport and the question of powerfully supporting the railways with a whole-party, whole-state and all-people movement.

SECURITY COMMAND CRACKS DOWN ON NORTH SPY RINGS

SK010147 Seoul YONHAP in English 0135 GMT 1 Nov 85

[Text] Seoul, Nov. 1 (OANA-YONHAP) -- The (South Korean) Defense Security Command (DSC) Friday announced a crackdown of five spy rings involving a total of 16 persons working for North Korea. Seven of the 16 spies were arrested on charges of violating the national security law and three others were indicted without physical detention. The remaining six were released after admonition because they showed repentance for their past spy activities, according to the announcement.

As evidence of their espionage activities, DSC investigators confiscated six code deciphering tables, three short-wave radio receivers and a substantial operational fund. Among the clandestine activities of the 16 arrested Koreans were attempts to obstruct international gatherings in South Korea, including the IBRD/IMF meeting, the 1986 Asian Games and the 1988 Olympic Games, by propagating rumors and instigating violent anti-government demonstrations.

To raise operational funds, the spy rings worked closely with Chongnyong, a pro-Pyongyang Korean residents' association in Japan, in establishing firms, according to the announcement. The spy ring also attempted acts of sabotage against the South Korean armed forces and mining villages, and tried to set up underground cells for spys in coastal regions and other vulnerable areas of South Korea.

Na Chong-in, 48, president of the Samhua Engineering Co., engaged in espionage activities in South Korea for more than 25 years. In 1960, Na was persuaded by his sister from the North and went to Pyongyang twice for espionage training. Leading a nine-member spy ring, Na gathered military intelligence for Pyongyang and propelled his brother, Chong-kap, into staging violent anti-government students demonstrations. He also overlooked and encouraged the espionage activities of Yi Kon, 50, a drug store owner, and Yi Chong-suk, 57, a real estate broker. A certain NA from the North won over the two Yi's to the communist cause in 1961.

Na Chong-kap and Yi Chong-suk were booked without physical detention.

Kim Yun-su, 47, was introduced to a North Korean agent in Japan in 1980 through a female agent and went to Pyongyang in 1981, via Moscow, for espionage training. He made the trip with a forged passport, disguising himself as a North Korean diplomat. He sneaked back into Seoul later in 1980, after undergoing one month of espionage training in Pyongyang. His spy activities concentrated infiltrating the armed forces, in an effort to collect military intelligence and to establish underground cells in the Army. Kim, who set up a ceramics company in Seoul as a foothold for his clandestine activities, met with Na Hyang-suk, 45, through the female agent. He arranged a passport for Na Hyang-suk, and sent her to Japan, where she met with communist agents. Na later went to Pyongyang for spy training. The female agent who won Kim over to the communist cause is still at large, according to the announcement.

Three other spy rings, involving a total of seven persons, concentrated on acts of sabotage, especially in mining villages, and on the construction of underground cells.

In announcing the crackdown of the spy rings, the DPS [as received] called upon the general public to be more alert against the intensified espionage activities of North Korea. The communist regime has become increasingly impatient with the growing national prestige of South Korea within the international community and will do everything possible to create social unrest, to agitate campus turmoil and bring about discord among working people, the DSC said.

U.S. AUTHORITIES RELEASE SPY CASE COUPLE

OW010343 Tokyo KYODO in English 0331 CMT 1 Nov 85

[Text] New York, Oct, 31 KYODO -- A Korean couple reportedly wanted by South Korean authorities for alleged spy crimes took a flight to Japan Thursday after being released by U.S. immigration authorities. Yi Chwa-yong, 52, and his wife Han Tae-su, 44, both residents of Japan, boarded a Japan Air Lines flight bound for Tokyo. The pair were detained by U.S. immigration authorities immediately after their arrival in New York October 24. Yi's lawyer in New York said U.S. immigration authorities had rescinded the couple's entry visas. Earlier reports said they faced extradition to South Korea.

Yi heads a South Korean group in Japan campaigning for the release of political prisoners in South Korea. He is said to be wanted by South Korean authorities on espionage charges. According to YI's family members in New York, the South Korean Government claims that Lee masterminded a spy incident in 1974. The couple left Japan for a tour of Europe on October 10 and applied for visas to visit the United States while in Copenhagen. Yi's supporters in New York said U.S. authorities had received South Korean arrest warrants for the couple .

CHON ON OPENING MARKETS TO COMBAT PROTECTIONISM

SK010757 Seoul YONHAP in English 0746 GMT 1 Nov 85

[Text] Seoul, Nov. 1 (YANA-YONHAP) -- Korean President Chon Tu-hwan Friday appealed to the government, businesses and general public to work together in dealing with the worsening global trade climate. The trade climate he was referring to was the pressure on Korea from the United States and the nation's other major trading partners to open its markets more widely and the mounting trend toward protectionism in those countries.

Since Korea has become the world's 13th largest trading country, it is imperative that it open its market more widely to foreign products, in order to achieve sustained export growth, Chon said. Korea should give what it can give and receive what it can receive, as a fair contender in international trade, Chon said, following a monthly export promotion meeting at his official residence. Chongwadae, the president said that the growing protectionist sentiment in the United States and the mounting pressure on Korea to give foreign products greater access to Korean markets stems from the structural defects of the U.S. economy. He predicted that those trends will continue until next April, when the U.S. congressional election is scheduled to begin.

Chon emphasized the need for Korea to further develop its machine parts industry, pointing out that in many countries, the importation of machine parts is less heavily regulated than that of other manufactured products. He also called on Koreans to conserve energy, to increase savings and to eliminate their propensity to buy foreign-made products, in order to help Korea to overcome its economic difficulties.

FOREIGN MINISTER ON TRADE FRICTION, KOREAN ISSUE

SK010113 Seoul THE KOREAN TIMES in English 1 Nov 85 p 1

[Text] Foreign Minister Yi Won-kyong has stressed that "only mutual understanding and consultations" could solve the intensifying trade frictions between Korea and the United States. In a special interview with THE KOREA TIMES for its 35th anniversary edition, Yi said, "Trade matters between the two countries should be resolved through mutual understanding and consultations on the basis of a traditional friendship and cooperation.

"We believe that unilateral measures will not help solve the problems," he said, "and we are holding close consultation to work out acceptable solutions."

"In so doing," the minister said, "we will also continue to seek U.S. understanding on the special security situation of the Republic of Korea. He said that Korea and the United States were closely watching the increasing military threat from North Korea including the recent forward deployment of north Korean army and air force units near the Demilitarized Zone.

Noting with concern the recent flow of Soviet military equipment to north Korea, he said that the government was consulting with the United States on that matter. One such consultation on a high level was made when Minister Yi met U.S. Secretary of State George Shultz in New York. "It is true that the recent Soviet supply of sophisticated military equipment including MIG-23s to north Korea causes the disruption of a delicate military balance on the Korean peninsula," he said.

Asked to comment on the mounting calls from Moscow and Beijing for Washington to positively respond to the Pyongyang-proposed tripartite talks, the minister said Seoul and Washington were in strict accord on the matter. "We maintain identical opinions and views on the matter. We believe that the Korean question should be solved by direct dialogue between south and north Korea," he said.

Reviewing his trip to the UNGA early last month, the minister said that the forum served as an important momentum for U.N. member states to enhance their understanding of the Korean question. The 40th anniversary session has provided us with a good opportunity to make widely known our government's policy of peaceful unification through dialogue and to secure and consolidate international support for our admission to the United Nations. "The support of an impressive number of member countries for our position on this matter at the General Assembly is encouraging," he said. He said that north Korea's objection should not hinder the ROK's entry into the United Nations. Its allegation that the two Koreas' simultaneous admission into the United Nations will perpetrate the territorial division is "simply absurd and self-contradictory."

"North Korea, as always, has attempted to utilize the United Nations for its propaganda purposes. We hope that north Korea will abandon its intention to exploit the United Nations for its political purposes.

"We also hope that North Korea will make sincere efforts for the promotion of international peace and cooperation by joining the world body together with the Republic of Korea as a full member," he said. The minister said that the government is pursuing dialogue with north Korea despite all the barriers, because "the top priority of our foreign policy is to prevent the outbreak of a war on the Korean peninsula. He particularly referred to the Japanese promise to improve the finger printing system for alien residents.

ROK 'SOLE TARGET' OF U.S. PROTECTIONIST BILLS

SK010850 Seoul CHOSON ILBO in Korean 31 Oct 85 p 2

[Editorial: "Is Korea a Scapegoat? -- The Reason Why U.S. Protectionism Is Aimed at Korea Only"]

[Text] The characteristic of U.S. protectionism is that Korea is its sole target.

They say that Japan and those countries which have enjoyed big trade surpluses in their trade with the United States for a long time are targets of most of the protectionist bills pending in Congress. However, this is empty talk. It is true that most of the more than 300 protectionist bills are destined to be reduced to scrap paper. However, those bills which are expected to wind up in the legislative process through Congress will exert a more violent influence upon Korea than Japan.

We can find clear hints suggesting that the U.S. administration has chosen only our country as the target of its protectionist measures, taken in order to neutralize protectionist bills pending in Congress. This is true with the U.S. application of Article 301 of the Commerce and Trade Law and the Commerce Department's decision on antidumping charges. Article 301 of the Commerce and Trade Law was first applied last September on the grounds that the operation of U.S. insurance companies in our country's insurance market is restricted. The U.S. administration at that time ordered an investigation into Brazil's law which restricts the operation, in Brazil, of U.S. computer companies and companies which manufacture products related to computers and into restrictive measures regarding the production of cigarettes in Japan, which have unfairly blocked U.S. entry into the Japanese cigarette market.

However, the case regarding Brazil's measure on U.S. computers and products related to computers and the case regarding Japan's measures concerning its cigarette market are nothing in their weight, and the U.S. measures against these cases are not significant. If we view these from a different perspective, the United States incidentally took these measures when it announced its measure concerning Korea's insurance market. The same is true with the second application of Article 301 of the Commerce and Trade Law on 16 October in connection with the protection of intellectual property rights. In addition to this, the U.S. administration also ordered an investigation into charges involving the European Community countries' disbursement of wheat export subsidies. However, these charges are nothing new. It is simply a gesture which the U.S. administration employed because it felt awkward limiting its measures only to the protection of intellectual property rights involving Korea.

In addition to this, the United States has demanded the opening of Korea's movie market and has tried to persuade Korea to liberalize its imports of beef and wine. Furthermore, the United States has halted Korea-U.S. trade in albums by deciding to slap an exorbitantly high antidumping charge of 64.8 percent on 24 October. This is also a discriminatory decision. In the preliminary rulings, the United States decided to impose an antidumping rate of 4.04 percent on Korean-made albums and an antidumping rate of 6 percent on Hong Kong-made albums. However, Korea was discriminated against in the final ruling. It decreased Hong Kong's antidumping rate from 6 percent to 3.5 percent but increased it 16 times higher on Korea.

Not only the Jenkins Bill but also all other protectionist bills pending in Congress have something to do with Korea violating U.S. protectionist regulations. However, the U.S. administration's recent protectionist measures give us the impression that Korea is the only country that has adopted unfair practices.

That is the problem. It is nonsensical that only Korea is regarded as a country which blocks its insurance market and which disregards the protection of other countries' intellectual property rights. What sort of grudge in the world is the United States harboring against Korea? If it is not, it is very absurd for the United States to dish out discriminatory treatment against Korea.

MEETINGS, ADDRESSES COMMEMORATE KPRP CONGRESS

Kim Yin Addresses Radio Staff

BK270851 Phnom Penh Domestic Service in Cambodian 0430 GMT 27 Oct 85

[Text] On the afternoon of 24 October a solemn meeting to mark the success of the KPRP's Fifth National Congress was held at the office of the Voice of the Cambodian People radio station with the participation of cadres, party members, core groups, the youth union, and many workers. On this occasion, Comrade Kim Yin, member of the party Central Committee and director general of the radio station spoke in detail about important points of the political report presented at the congress. The comrade said the party's growth was due to the lofty fighting spirit of the entire people and army in carrying out national defense and construction tasks and the strengthening of the special militant solidarity among the three Indochinese countries and fraternal socialist countries. The comrade called on all cadres and workers of the radio station office to implement the resolutions of the party's fifth congress with concrete actions to vigorously advance the emulation movement to create results at the end of 1985. Afterward, a representative of the meeting read a petition addressed to the party Central Committee stressing the determination to fight and implement every resolution adopted at the party's fifth congress.

Kim Yin Visits Kandal

BK280908 Phnom Penh Domestic Service in Cambodian 0430 GMT 28 Oct 85

[Text] Comrade Kim Yin, member of the KPRP Central Committee and director general of the Voice of the Cambodian People radio, paid a visit to the inhabitants of Baku Commune, Kandal Stoeng District, Kandal Province, on 25 October to explain the success of the Fifth KPRP Congress. Speaking during a meeting with the local people, Comrade Kim Yin pointed out the great, all-round successes of the Cambodian people during the past nearly 7 years, particularly since the Fourth KPRP Congress. He asserted that in order to defend our revolutionary gains, the people from all strata throughout the country must unite around the party, encourage their men to serve in the army, actively contribute to the national defense labor campaign, to uphold the banners of patriotism and proletarian international solidarity, especially solidarity with Vietnam, the vital factor for the Cambodian revolution. Comrade Kim Yin also stressed the brilliant success of the fifth party congress, describing it as an important political event of the country. In conclusion, he urged the inhabitants of Baku commune to strengthen unity, further enhance the will to fight in the triple revolutionary movement of the masses, and actively assist each other in the production movement in order to improve living conditions and contribute to the successful implementation of all the resolutions of the party congress.

Kandal Province Gathering

BK290644 Phnom Penh SPK in French 1230 GMT 28 Oct 85

[Text] Phnom Penh, 28 Oct (SPK) -- More than 400 persons from various strata of the population of Kandal Province recently held a meeting to celebrate the success of the Fifth KPRP Congress. After stressing the success of the Fifth KPRP Congress, Lim Thi, alternate member of the KPRP Central Committee and secretary of the party committee of Kandal, appealed to the entire population to unite as one in order to successfully implement the resolutions of the Fifth KPRP Congress and particularly to intensify the triple revolutionary movement in various localities. On this occasion, the representatives of the armed forces, population, workers, and cadres expressed their confidence in the leadership of the party and their determination to bring success to the implementation of the fifth congress resolutions, especially in agricultural production.

Report on Industry

BK280939 Phnom Penh Domestic Service in Cambodian 0430 GMT 28 Oct 85

[Report on industrial development made to recent Fifth KPRP Congress in Phnom Penh by Deputy Industry Minister Sok Eisan -- recorded]

[Text] In the light of the resolutions of the fourth party congress, our Cambodian revolution has made steady advances and recorded one great victory after another in all fields. In particular, in the economic field, the industrial-handicraft sector also made an active contribution to all these victories by creatively rehabilitating various factories and production enterprises that were damaged and out of commission. The genocidal Pol Pot-Ieng Sary-Khieu Samphan regime seriously devastated and almost completely wiped out buildings, factories, enterprises, machinery, equipment, raw materials, the body of technicians, and the ranks of skilled workers. However, since liberation on 7 January, 1979, animated by a seething hatred for the genocidal regime and strengthened by a resolute spirit of patriotism and love for the revolution, the fraternal technicians, skilled workers, and working people who survived death have enthusiastically participated with a high sense of awareness in rehabilitating and gradually returning to service a large number of factories and enterprises. In particular, the power plant was immediately repaired on 12 January, 1979, to provide electricity for lighting and production.

Within only 7 years, all the 57 rehabilitated factories, enterprises, and companies have accelerated production of many necessary important commodities, such as plowshares for tractors, bicycles, eating bowls, pots, drinking glasses, cloth, sarongs, scarves, various types of automobile tires, phosphate fertilizer, gunny sacks, bricks, tiles, timber, bowls for latex, soldier's boots, and so on in order to provide for needs in national defense, reconstruction, and other economic sectors such as agriculture, communications and transport, trade, and export, and mainly concentrate on further stabilizing and improving the people's living conditions. Furthermore, the construction sector has also been rehabilitated and returned to normal operation. Efforts have been made, for example, to rehabilitate, repair, and build school buildings, hospitals, factories, enterprises, and other important buildings.

On this foundation, the industrial-handicraft sector has exerted all possibilities and capacities to promote and accelerate production by rehabilitating and repairing productive equipment, reorganizing and correcting the productive rhythm to fit the new scientific and technological conditions, and educating the masses in order to enhance their professional capacities so as to increase productive yields and labor productivity.

The overall value of production output in 1985 increases 3 times compared with 1981. As of the end of 1981, the industrial-handicraft sector has gradually improved the managerial work, bringing about new steps toward development. Initially, this was implemented in units under the direct authority of the industry ministry, going from an economic-financial management system that equated income with expenditure toward the implementation of an economic management system that is financially independent, thus gradually eliminating negative phenomena in management, such as waste, lack of a sense of thrift, irresponsibility, full dependence upon the state, and so on, and promoting the spirit of being the master of the collectivity, upholding the role and task of units concerned, protecting and making correct use of sources of capital, equipment, and tools, maintaining a high sense of thrift and creativeness, having a high sense of responsibility, knowing what makes losses and what makes profits, increasing the quality of products, reducing the prime costs, raising benefits to pay for the annual state budget, and even creating an enterprise credit fund, thus heightening the economic independence and efficiency in management according to scientific conditions.

The state income in 1985 has increased 3.5 times compared to 1983. This is a major source for the improvement of the living conditions of our cadres, employees, and workers. Moreover, based on the policy of encouraging small industries and handicrafts advocated by the party and state, this sector has been gradually rehabilitated and broadened all over the country, bringing out impressive results, contributing to the production of necessary commodities and materiel in the service of national defense and reconstruction efforts, and directly serving the people's livelihood on the basis of the principle that all productive power is to be exploited to the utmost and in the creative sense that all locally existing equipment and raw materials are to be tapped first.

These praiseworthy successes that the industrial-handicraft sector has recorded in the past 7 years are certainly attributable to the leadership of the KPRP, the correct and enlightened line of the party, and the quantitatively and qualitatively developed contingent of cadres, employees, and workers, constituting a core force permeated with a strong will to fight, to win, and to unite solidly under party leadership. They are also closely linked to the wholehearted assistance of the experts from various fraternal socialist countries, particularly Vietnam and the Soviet Union.

On the basis of the profound meaning of the current congress' report, the industrial-handicraft sector even more clearly realizes its immense and vitally important role in the revolutionary cause in service of other economic sectors, especially agriculture -- the front line of the national economy -- aimed at bringing real vitality to agriculture and forestry highlighted by the four economic spearheads, namely food, rubber, timber, and marine products.

In order to meet the demands of the fifth party congress resolutions, the industrial-handicraft sector would like to pledge to implement all measures, striving to rehabilitate and develop the sector successfully in accordance with the party's objectives and the state's plan by continuing to reorganize production and labor, leading and orienting industrial-handicraft production toward correctly following the socialist line, maintaining socialist production relationship with a new capacity, promoting the production of important equipment and consumer goods with the aim of gradually building the material and technical foundations for socialism and constantly improving the people's living conditions, in particular striving to expand the production of electric power -- the fundamental source for the acceleration of production -- seeing to it that output by 1990 will be 300 million KWH and preparing for electric potentials for 1991-95, and paying attention to increasing the quality of production and accelerating the study on and search for minerals to create a source of raw materials for production on the basis of the spirit of self-reliance, promotion of economic-technical cooperation and economic planning cooperation with Vietnam, Laos, the Soviet Union, and other fraternal socialist countries, and vigorous encouragement for the building of the revolution's real force both in the economic and political fields in order to create a body of workers for new, socialist Cambodia.

Kompong Chhnang Meeting

BK300951 Phnom Penh Domestic Service in Cambodian 0430 GMT 30 Oct 85

[Text] A solemn meeting was recently held in Kompong Chhnang Province to celebrate the brilliant success of the KPRP's Fifth National Representative Congress. Attending the meeting were more than 5,300 cadres, party members, core groups, youth unions, and representatives of the Armed Forces, police, Buddhist clergy, population, and students. Comrade Doak Narin, secretary of the province's provisional party committee, talked glowingly of the activities and brilliant results of the fifth party congress. He also highly valued and admired the achievements made in the emulation campaign by units and bases throughout Kompong Chhnang Province in anticipation of the fifth party congress. He urged all meeting participants to further heighten their determination to implement all the resolutions of the party congress.

Afterwards, Comrade Sam Pisit, secretary of the party chapter and chairman of the people's revolutionary committee of Kompong Chhnang Town, took the floor to read the motion to the KPRP Central Committee, stressing the determination to fight and to be ready to fight to implement all resolutions of the fifth party congress.

Rubber Representative's Report

BK301007 Phnom Penh Domestic Service in Cambodian 0430 GMT 30 Oct 85

[Address by Sam Sarit, alternate member of the KPRP Central Committee and representative of rubber plantation workers to recent Fifth KPRP Congress -- recorded]

[Text] We, workers from rubber plantation regions, are elated at and confident in the line of the party. We are extremely proud and fully supportive of the political report and the proposed amendments to party statutes. We firmly believe that this is the beacon showing the path to the defense and reconstruction of the Cambodian fatherland. We of the working class have seen several societies in the rubber plantation regions. The monarchists, landowners, comprador capitalists, colonialists, and imperialists grabbed our land and embezzled national property, particularly rubber products, to make themselves rich.

Worse still, after 17 April 1975, our Cambodian people should have been allowed to live in peace and happiness in their own country as they wished. However, the genocidal Pol Pot-Ieng Sary-Khieu Samphan clique betrayed the nation, the people, and Marxism-Leninism; usurped the fruits of the revolution, and turned Cambodia into a mountain of bones and a sea of blood and tears where killing and separation were common to all. The clique forced the people to labor day and night like beasts, deprived them of their rights and freedom, and buried all kinds of traditions and customs of the nation.

From scratch under the genocidal Pol Pot regime and since the liberation of the country on 7 January, 1979, led by the KPRP, the working class of the rubber plantations has overcome all difficulties in the struggle to rehabilitate the rubber plantation business, scoring great successes contributing to the national economic rehabilitation, helping to gradually stabilize the people's living conditions, and implementing consistently and correctly the fourth party congress resolutions.

Up to this year, we have rehabilitated and developed 27,000 hectares of rubber plantations, increased the size of the labor force to 18,500, and processed a total of 50,000 metric tons of rubber crepe. The living conditions of the workers, employees, and cadres improve spiritually, materially, and professionally with each passing day. This has given us great pride. The fraternal workers have wholeheartedly contributed to the development and safety of the plantations, tapping latex with one hand and holding a rifle with the other. All units and bases under the authority of the rubber plantation directorate have their own party members, core groups, and youth unions.

All these achievements are certainly attributable to the close cooperation with Vietnam, the Soviet Union, and other fraternal socialist countries in the world. The entire working class of the rubber plantations pledges to emulate in bringing success to all tasks by 1989 [year as heard]. We pledge to strive to implement most effectively the resolutions of the Fifth KPRP Congress. We pledge to spare no efforts to fight to overcome all difficulties in fulfilling tasks set for 1985. We pledge to strive to train leading cadres at all levels and in all sections so they become fully capable and have good revolutionary stands, views, and ideals in the cause of the Cambodian revolution, and to build the real force of the revolution both quantitatively and qualitatively so that we have enough qualified men to carry out tasks at the new stage.

DK DELEGATE ADDRESSES UN 6TH COMMITTEE

BK310705 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 29 Oct 85

[Text] On 9 October, Ambassador Chan Youran, member of the Democratic Kampuchean delegation to the 40th Session of the UN General Assembly, addressed the meeting of the UN General Assembly's Sixth Committee on the report of the special committee to increase the effectiveness of the principle of the nonuse of force in international relations. The following are excerpts from this address.

After congratulating the chairman of the Sixth Committee -- recently elected by a unanimous voice vote -- Chan Youran expressed his views on the Soviet delegate's proposal, saying that the Soviet Union pays attention only to nuclear war. It does not care about regional wars with international repercussions, of which many Third World countries have been victims for many years. The Soviet Union is silent on the causes of some international conflicts, which stem from the fact that the Soviet Union and its ally, Vietnam, have violated the basic principles of the UN Charter, which speak clearly on the nonuse of threats or force in international relations. Afterward, Chan Youran recalled point 4 of Article 2 of the UN Charter, which says that members of the United Nations avoid in international relations using threats or force against the territorial integrity or political independence of any other state and avoid doing anything that is not in conformity with the objectives of the United Nations. He said that everyone in the world knows the objectives of the United Nations. They are to safeguard international peace and security and to increase friendly relations among various nations based on respect for equality among various peoples and their right to self-determination. He said this principle of the UN Charter clearly indicates the duty of member states. There is nothing vague about it.

The fact that the Soviet Union, a permanent member of the UN Security Council, which is responsible for safeguarding international peace and security, has deliberately violated these basic principles automatically and seriously threatens international peace and security and the UN Charter. This is why some countries have not hesitated to state that the call for the signing of a world agreement on the nonuse of threats and force in international relations has encountered a basic error, which has caused the international community to lose confidence. Opponents of the Soviet proposal have reason to ask about the real reason for the Soviet Union's initiating this proposal. Is it to legitimize wars of aggression by the Soviet Union and Vietnam in Afghanistan and Cambodia, which are two members of the United Nations? In any case, concerning the war in Cambodia, the UN General Assembly has demanded since 1979 an end to this war, an unconditional withdrawal of all Vietnamese forces from Cambodia, and the Cambodian people's freely deciding their own affairs.

However, everyone knows that relevant resolutions of the UN General Assembly, which have been adopted by the majority of countries, have been chided and rejected by Vietnam, which continues to occupy Cambodia, to annex it and include it in the Indochinese federation under Vietnamese control. This shows a flagrant contempt for the United Nations and the international community on the part of the Hanoi Vietnamese. This insolent attitude is based on guarantees and all kinds of assistance from Vietnam's strong backer, the Soviet Union, which has common interests with the aggressors and which supports Vietnam's expansionist ambitions in Cambodia, Laos, and in Southeast Asia.

Chan Youran added that this year is the 40th founding anniversary of the United Nations and its Charter. It would be very fitting to try to find ways to resolve various world conflicts peacefully. It is in this spirit -- and it is necessary and just, in accordance with the duties stipulated by the UN Charter -- for members of the United Nations to:

-- Reaffirm their guarantee to resolve various conflicts peacefully and not to do anything to endanger world peace and security;

-- Ensure that they will not do anything to worsen tension to the point of endangering the safeguarding of world peace and security and making more difficult the task of peace and security and making more difficult the task of peacefully resolving various conflicts;

-- Reaffirm that, despite differences or unsuccessful attempts in resolving various conflicts peacefully, they will not resort to the use of threats or force;

-- Reaffirm their goodwill to abide by relevant resolutions of the UN Security Council and General Assembly and to maintain a tolerant attitude of peaceful coexistence in the spirit of good-neighboringly countries.

Afterward, Ambassador Chan Youran recalled the words of the UN secretary general in his annual report on the organization's activities to the effect that every member of the United Nations should reaffirm that it will respect the obligations of the UN Charter, which specifically speaks of the nonuse of threats or force, resolving various conflicts peacefully, resolving various conflicts in accordance with planned maneuvers, and respecting various resolutions of the Security Council.

Concerning the Soviet proposal at the meeting of the UN General Assembly's Sixth Committee on 7 October that the meeting adopt a new resolution replacing the agreement on the nonuse of force in international relations, Ambassador Chan Youran said that, as a small country with 6 million people and a victim of a war of aggression by Vietnam -- with 60 million people, more than 1 million soldiers, and Soviet backing -- Democratic Kampuchea regrets that it cannot take part in this maneuver as long as it is a victim of a war of aggression and occupation lasting almost 7 years and gravely threatening peace and security in Southeast Asia.

VONADK Says 1,500 Youths Drafted in Pursat

BK280320 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 27 Oct 85

[Text] Since early October, the Vietnamese enemy has drafted 1,500 youths from villages and schools in Krakor, Bakan, and Leach Districts and from Pursat provincial seat for military training in Pursat. These draftees are meant to be armed and sent to battle-fields in western Cambodia in the eighth dry season this year. However, as of 21 October, 408 youths have fled home.

ATHIT INTERVIEWED ON COUP, RELATIONS WITH BURMA

BK010137 Bangkok BANGKOK POST in English 1 Nov 85 p 4

["Exclusive" interview with Supreme Commander General Athit Kamlang-ek by editor The Chongkhadikit -- date not given]

[Text] The: What is the present state of relationship between the Government and the Armed Forces?

General Athit: There is no problem. We were still chatting and were together only yesterday (at the anti-communism conference at the Chunlachomkla Military Academy which was attended by Prime Minister Prem and other high-ranking government officials and military leaders). There is no conflict between us.

[The] On the September 9 coup case which is now in court, rumours are rife about an impending amnesty for those involved. What is your opinion?

[Athit] The case will proceed in accordance with the law. I have nothing to do with it since it is the job of the police to carry out the investigation. Those (in the military) implicated have been or will be handed over to the police. Those against whom the police cannot press any criminal charges but are guilty to some degrees have received disciplinary punishment or been jailed. The same applies to Air Force servicemen. The verdict on those charged is up to the court. Rumours are baseless.

[The] Will those officers in active duty have their service suspended?

[Athit] Only those who are in court will be suspended from service. But so far none of them has been suspended. Anyway, the court has just accepted the case for hearing. They are likely to be suspended from service later on.

[The] So there shouldn't be another coup taking place as rumoured, should there?

[Athit] How can you ask me such a question? It is rumoured to be about to take place on this and that date. Just sheer rumours.

[The] Many people say there would be another coup soon.

[Athit] I'm paying very close attention to it (the armed forces).

[The] Did you have any hint that a coup was going to take place on September 9?

[Athit] If there were any, I wouldn't have left the country. People in the services are no divine beings. If they committed a crime, they ought to be dismissed. Those who were not actually involved but were partly responsible for letting this thing happen have been transferred, some will eventually be dismissed.

[The] Will you move the Fourth Cavalry Battalion, which was involved in the coup, out of the city?

[Athit] The wrongs are the people and there have to be some changes in personnel. How can I order the transfer of the unit when it was the personnel who were at fault? According to your suggestion, we have to move this country if the Government has done something wrong. It's the people who have to be changed.

[The] After the September 9 coup attempt, rumours have been widespread that the armed forces is full of factions and disunity. What's your reaction to that?

[Athit] Rumours are rumours. There is no problem in the armed forces. If there is, how could I stop the coup on September 9? I ordered the anti-coup headquarters to issue all the statements under my name during the coup which brought everything to a halt. That shows unity of the armed forces and the fact that everyone still listens to the boss' command without having a second thought. Of course, there are some recalcitrant ones.

[The] Could you tell us exactly what you did after learning about the coup?

[Athit] I made direct calls to the commanders of the combat units in Bangkok. I was in charge throughout the crisis.

[The] What about the stories in some foreign press about your (funny business) activities in Sweden?

[Athit] It's the matter of wickedness of those journalists. There is no hard evidence as to who are behind it. The Press over there has so much freedom. They can attack and insinuate about anyone without any ground or reason. They splashed a big picture of me in combat fatigue which must have been sent over from Thailand beforehand. Even if there had been no coup on September 9 they would have carried on with the report anyway to mar my image.

On that night, I went to bed at 9 p.m. after having dinner with my men at a Japanese restaurant. We then walked back to the hotel without anybody else joining us. I hadn't had any sleep and just got off the plane. HOW COULD I? I WAS SO EXHAUSTED.

I was woken up three hours later by one of the aides who informed me about the coup. I was shocked and immediately called my friend, Thianchai (former Deputy Army Commander-in-Chief Gen Thianchai Sirisamphan), and the First Region Commander. I told them to set up a commanding headquarters right away, declare a state of emergency, put the forces on alert and provide protection for the Royal Family. I ordered them to have the situation under control as soon as possible. I am the only one with authority according to the law.

By 6 a.m. the next day I was already in Copenhagen. How could I have found a girl to sleep with? A reporter called me up in the middle of the night. My aide, Col Winai, answered the telephone and scolded the reporter about the late call. The reporter wanted to know who had sponsored my trip. I hadn't really started the programme of my visit there yet when I had to return home.

I don't care what they said about me in the Press. Somebody sent me some copies. I have been very careful and discreet about this everywhere, both here and abroad. My men are with me all the time.

[The] How about our relations with the Indonesians? You seem to be very close to the Indonesian military leaders,

[Athit] Benni Murdani and I are very close. We have a mutual understanding. My impression is that the Indonesians don't like the Chinese. They don't trust the Chinese motive in Kampuchea, which they see as an attempt to expand its sphere of influence in the region. We must understand their nature (Indonesian). I went to China but they didn't show any opposition to that. I went to Indonesia twice and would say that the relationship between our two countries is very warm. The Indonesian leaders know that we and the Chinese are not collaborating on anything.

[The] What about the relations with Malaysia, the redemarcation of the Thai-Malay border?

[Athit] It's not finished yet. We are still negotiating. It's not easy as some parts of the demarcation dated back as far as 70 years. We have to work out what is right and just for both parties and whether we should go by the old demarcation line or not. If the local authorities of both countries cannot resolve this question, the matter will have to be taken up at the government level. There should not be any problem. We have had very good relations.

[The] How is the on-going campaign against elements of the Communist Party of Malaya [CPM]?

[Athit] There has been a good cooperation. There is no problem in that.

[The] What about the separatist problem in southern Thailand?

[Athit] The separatist movement is extinct. The ideologues are all gone. There are only bandits without any ideologies extorting and robbing people. Communism is more or less the same. The criminals just use the name. The authorities must take drastic actions against them.

[The] What is the present state of our relationship with Burma?

[Athit] I have issued an order that those foreigners who come as relief workers or as tourists and want to travel to the border areas must obtain permission from the Army beforehand. I have told the authorities to be strict about this.

Some of those who arrive as part of the charity mission have sneaked into Burma to help the rebels in training and so forth. One foreigner who was killed recently was dressed in combat fatigue and not in civilian clothes. This shows clearly that some of these foreigners have been helping the rebels fighting the Burmese authorities. Burma is our good neighbouring country. We can never be sure if the people who have gone over to assist the rebels are really representing a relief agency or just using it as a cover. A foreigner injured in fighting recently holds the passports of three countries. I already had him deported. The relief agencies must be providing help only for refugees on our side of the border. We cannot allow them to go and help the rebels in Burma, which will only discredit us. I have issued an order to the authorities along the Thai-Burmese border not to provide any help to any warring factions or rebel groups or to intervene in the domestic affairs of Burma.

[The] Does this apply to our border areas elsewhere?

[Athit] Yes. But we put a lot of emphasis on the Thai-Burmese border areas.

[The] What is your policy on minority groups living along the Thai-Burmese border?

[Athit] Any minority group members who have crossed into Thailand have to be disarmed. I have ordered our forces not to get involved in the Burmese affairs. Those found guilty of providing help to the rebels would be punished. The illegal aliens are under our control and have to be disarmed once in Thailand. We cannot allow them to carry weapons around.

[The] What is your impression of the Thai-Burmese relationship during your official visit to that country last August?

[Athit] I received a very warm welcome and the Burmese leaders talked very nicely of our country. I called on U Ne Win, U San Yu and senior military officers. We talked about the good relationship between our two countries, which they stressed that it dated back a long time, and that we need to maintain this good relationship for the world to see -- that we, the two neighbourly asian countries, can live in peace. The historical animosity between us has long passed. We need to maintain our mutual cooperation.

The Burmese have never intervened in the internal affairs of our country. They have been beset by internal unrest and the fighting with minorities states seeking autonomy. The fighting near the border did affect the Thai people in the area. They have taken precautions to prevent the shells from straying into Thailand.

After my return from that visit, the Burmese supreme commander has ordered his forces along the border to take extra precautions in their suppression of rebels and told them to contact our authorities whenever problems arise. I, too, ordered our forces not to interfere in the fighting. Our instruction is clear. The order issued to district and provincial authorities and military forces must be adhered to. Now it's our job to see to it that the order is strictly observed. Our common borderline is very long and, therefore, poses a problem in enforcing such a policy.

My assessment of the Burmese government policies is that they adhere to non-intervention and peace-loving principles. They have upheld those rules all along. The country itself is peaceful, they strictly enforce the laws and orders on the population. They are devout Buddhists. There are very little problems about crime in that country. The Burmese people do live in frugality and on the self-reliance basis. I am certain that there should be no hindrance to the good relationship between our two countries. Their leaders also conveyed good wishes to His Majesty the King and the Prime Minister through me.

Then in the midst of our good and friendly relationship came these foreign mercenaries who crossed from Thailand to fight for the rebels inside Burma. That has caused some problems. I have travelled to the area to see for myself the situation there.

[The] How about our common border with Burma in the North?

[Ahit] In the North, we have put emphasis on suppression against narcotics production and trading. If Khun Sa had just taken refuge here and caused no trouble for us, we would never have bothered with him. But he came in to assemble his forces and set up the narcotics racket. Burma, which is directly affected by the problem, has tried to contain them but, as you know, the area is too wide.

We, too, have to wage war against these narcotics traders. They are not only a problem for Thailand but also for the world at large. We have destroyed so many narcotics plants and disrupted the trade so many times. Our combined forces of police, military and rangers are stationed in the area at all time. If they encroached on our territory to commit crime, we must take care of the problem. Our relationship with Burma supersedes all. As for the Burmese Communist Party, it has not made much headway.

[The] How about the eastern front with the Vietnamese in Kampuchea? The Soviet Union recently stated that the Vietnamese troops have the right to cross into Thailand in pursuit of resistance forces. What is your opinion on that matter?

[Athit] I am not aware of that statement by the Soviets. Neither am I aware of the motive behind it. Different nations think differently.

To me, Thailand and Vietnam have no common border and are not warring parties. The problem is caused by the Vietnamese occupation of Kampuchea. We oppose that, but we have never got involved in the conflict. For our position in the region and as a member of ASEAN, the Kampuchean problem has an impact on us and our security. We have always adhered to the principle that whoever cross into Thailand have to be disarmed. If they resist, they have to be pushed out by force. We cannot allow any warring factions to come in and violate our sovereignty. The same rule applies to the Kampuchean resistance forces who refuse to lay down their weapons.

[The] What will happen to the three Thai soldiers now in the hands of the Heng Samrin force? The Vietnamese have said that our soldiers are not in their custody, therefore, it's a matter we have to discuss with the Heng Samrin administration.

[Athit] On the situation of the three Thai soldiers, we have to negotiate with them. Compromise is the key, we cannot force them to hand over our soldiers. The three accidentally went inside Kampuchea during a night patrol mission and got lost. I believe that through negotiation, we can resolve the problem. I have used diplomatic means, have talked with the Vietnamese, neutral countries and the International Red Cross. It's their right whether or not to hand over our soldiers. They should have some sympathy.

When Vietnamese troops accidentally strayed into Thailand and were captured, we never harmed them but returned them. We did the same to their plane which crashlanded here. They should understand and have humanity, even though both countries are not on the best terms and occasionally confront each other. The soldiers are of no use to them and should be released.

[The] How about the Thai-Lao border? Is it a big problem there?

[Athit] After we redefined the border by moving it back from the original line, we proposed that both countries set up a joint committee to work on redemarcation. They have not responded to our request. The new demarcation line is very clear and doesn't include the disputed area. Since then, Laotian forces have fired rockets into Thailand from time to time and arrested our people. But they are only minor incidents. We have the situation under control.

CABINET APPROVES PROPOSAL TO CUT COTTON DUTY

BK300128 Bangkok BANGKOK in English 30 Oct 85 p 1

[Text] The cabinet yesterday approved a Foreign Ministry proposal to cut the import duty on different types of cotton at the request of the United States. Under the arrangement, import duty on cotton will be reduced to one baht per kilogramme.

Prime Minister Prem Tinsulanon recently sent a letter to President Reagan informing him of the imminent decision by the government to cut cotton import duties as a show of faith in free trade.

MINISTER MINIMIZES IMPACT OF U.S. TEXTILE EMBARGO

BK291458 Bangkok Domestic Television Service in Thai 1300 GMT 29 Oct 85

[Text] Comrade Minister Koson Krairoek granted an interview to newsmen this morning before attending the Cabinet meeting. He said the problem of textile industries affected by U.S. protectionism is a problem at the national level and the government must try to solve it in a bid to help manufacturers as well as workers.

The minister however warned manufacturers against taking any drastic action because they might lose sympathy from the other side because the government is already trying its best to solve the problem.

He said measures have already been mapped out by the Commerce Ministry, but they must be discussed in detail among concerned officials. The government has sympathy for textile manufacturers over the damage but believes that this will not lead to the layoff of a large number of textile workers. Koson Krairoek explained that the U.S. embargo on Thai textile imports was prompted by Thailand exceeding its quota limit. He therefore believes that the embargo is only meant for this year. He said that after checking the income and expenses, he realized that the damage to the textile industry is not very serious. Manufacturers only stand to lose from not being able to sell their products as expected. He said textile manufacturers will be invited for a meeting to find ways to solve the problem together.

PROPOSAL FOR COUNTERTRADE WITH IRAN APPROVED

BK290329 Bangkok BANGKOK POST in English 29 Oct 85 p 17

[Text] The Council of Economic Ministers, headed by Prime Minister Prem Tinsulanon, yesterday approved a Commerce Ministry proposal that the government sell rice to Iran under the countertrade system in return for Iranian crude, government spokesman Trairong Suwannakhiri reported.

The sale would be on a government-to-government basis but private exporters would be allowed to handle the rice shipments. Each exporter's shipment would be based on their stock holding under the present rice stocking policy.

Meanwhile, Sman Ophatwong, president of the Rice Exporters Association (REA), lauded the decision but added that the government should buy the Iranian product at a competitive price because Thailand has been selling rice to Iran at a very competitive rate. The Commerce Ministry informed the council yesterday that Iran asked Thailand to buy her crude a long time ago, noting that bilateral trade between the two countries was in Thailand's favour. The request was made both through government agencies and the REA.

Iran is the third largest buyer of Thai rice, with purchases totalling 215,983.05 tons of 100 percent second class white rice in the first nine months of the year.

The Commerce Ministry, in a report to the council, noted that Iran, apart from offering to buy Thai rice at a price cheaper than that sold to other countries, also set several conditions called "Iranian terms" which Thai rice exporters had to comply with. "Those conditions were considered disadvantageous to Thai exporters and this led the Rice Exporters Association to recommend that the ministry change the system with Iran so that it would benefit our rice export trade," the ministry reportedly told the council. The ministry also told the council that prior to making the proposal, its Rice Trade Intervention and Price Stabilising Committee last July 19 approved a proposal that the bilateral rice trade be carried out on a government-to-government basis, but that private exporters ship out the cereal.

Meanwhile, a trade source reported that in addition to the many conditions drawn up by Iran, that country also sent officials to supervise the loading of rice onto ships, as well as to check the quality of the rice shipments.

TIME-LIFE DELEGATION PAYS 36-HOUR CALL

Arrives in Hanoi

HK310534 Hong Kong AFP in English 0523 GMT 31 Oct 85

[Text] Hanoi, Oct 31 (AFP) -- Business executives from about 30 major U.S. firms arrived in Hanoi today as the largest such group from the United States to visit here since the Vietnam war ended in 1975. Reliable sources said the visitors, who are making the 36-hour trip as part of an Asian tour, were expected to meet with Premier Pham Van Dong, and would also see Vice Premier Tran Quynh and Foreign Minister Nguyen Co Thach. But Vietnamese and U.S. sources played down the importance of the trip, saying it had no political or commercial implications and was a strictly private visit to acquaint the businessmen with Vietnam and its leaders. The group will visit Ho Chi Minh City in the south tomorrow before leaving for Thailand. Among those making the trip, organized by the TIME-LIFE publications group, are executives from ITT, Rockwell International, Union Carbide, Procter and Gamble, Chrysler, Firestone, Goodyear, the Aluminum Company of America (Alcoa), Kellogg, United Airlines and the American Insurance Association.

Meets Pham Van Dong

BK311522 Hanoi Domestic Service in Vietnamese 1430 GMT 31 Oct 85

[Text] A group of American businessmen -- representing more than 30 major American corporations operating in various fields such as automotive, aircraft, and machinery manufacture; oil exploration; electric power; telephone; banking; social insurance; tourism; and hotel industry -- and many key figures of TIME magazine visited Vietnam from 31 October and 1 November [as heard]. On the afternoon of 31 October at the presidential palace, Chairman of the Council of Ministers Pham Van Dong received and had a cordial talk with the group. Chairman Phan Van Dong answered many questions by the group concerning the situation in Vietnam and relations between Vietnam and the United States, as well as other issues of mutual concern.

KYODO Notes Cambodia Reference

OW311245 Tokyo KYODO in English 1241 GMT 31 Oct 85

[Text] Hanoi, Oct. 31 KYODO -- A group of American business leaders met Vietnamese Premier Phan Van Dong Thursday after their arrival here on a survey tour of Southeast Asia. The premier welcomed the visit by the high-powered business delegation and reportedly said he hoped that it would lead to development of trade and other economic relations between Vietnam and the United States. Asked for a timetable for the withdrawal of Vietnamese troops from Kampuchea, Dong said the problem will be solved "sooner than you expect," according to officials.

ARMY PAPER CRITICIZES REAGAN'S UN ADDRESS

BK311620 Hanoi International Service in Thai 1130 GMT 31 Oct 85

[QUAN DOI NHAN DAN COMMENTARY: "A Dark Scheme behind the Fake Virtues" -- date not given]

[Text] The U.S. policy statement delivered by President Reagan before the UN General Assembly on 24 October has provoked worldwide indignation.

With the exception of some U.S. allies, all conscientious people and countries have expressed discontent and disappointment with the deceitful speech full of fake virtues pronounced by Reagan. Instead of answering to the aspiration of all people, the statement is rather a play upon words, distortions, and lies by a boastful superpower. Most significantly, the statement reflects a frantic anticommunist policy in nature. While all nations are concerned with the threat of a nuclear holocaust to their safety and to peace and hope to see improvement in Soviet-U.S. relations as a result of the forthcoming talks, what Reagan put forth at the UN Assembly only shows that the United States persists in avoiding talks on all urgent problems of the era while trying to defend its warmongering policy and slandering the Soviet Union and the socialist bloc.

At the time when the world is beset by tension and a complicated and changing situation, Reagan stressed (?his foreign) policy in his speech and revealed his warmongering nature. Conscientious people are interested in peace among various nations and are concerned about the dangers threatening mankind, among them the danger of a nuclear holocaust. Therefore, all nations clearly understand the responsible policy of the Soviet Union put forth in several initiatives -- such as freezing nuclear tests, reducing Soviet and nuclear arsenals by 50 percent, proposing an agreement between the Soviet Union and the United States not to expand their arsenals after January 1986, and appealing to the United States to respond to these reasonable initiatives. Yet what Reagan spelled out in his speech only caused disappointment and indignation among the public. Reagan pretended to be greatly interested in the Soviet-U.S. summit, but failed to present any specific and concrete proposals for the talks -- just empty words about peace and international detente.

Concerning the Strategic Defense Initiative program conceived by Reagan, it only reveals the bare fact that the White House is persistently and frantically pursuing the arms race. It is stepping up production of three types of strategic weapons as well as militarizing space in order to surpass the Soviet Union in military supremacy. Reagan defended U.S. production of nuclear weapons and deployment of those deadly weapons on continents, in oceans, and in space. He said the move is necessary to guarantee peace. He defended his dangerous "star wars" program as a defensive move and said that U.S. deployment of nuclear weapons in space is intended to deter other missiles. He also said that nuclear weapons are not a threat to mankind. This has caused the public to become suspicious as to whether the United States is sincere in wanting results from the Soviet-U.S. talks on strategic arms limitation in Geneva as well as the forthcoming Soviet-U.S. summit. While avoiding urgent problems of today related to the survival of mankind, Reagan instead concentrated on regional conflicts -- in the Middle East, southern Africa, Central America, the Caribbean, Southeast Asia, and Southwest Asia. He even accused the Soviet Union of being responsible for tension and armed clashes in those areas. Reagan's proposal about regional conflicts is aimed at misleading public opinion from the fact that the United States is supposed to engage in serious talks with the Soviet Union.

It is clear that Reagan accused the Soviet Union and distorted the world situation just to have a pretext to pursue his policy of an arms race and the "star wars" program in order to achieve military supremacy and assume the role of world policeman. Everyone knows that the cause of today's tension and complicated situation is Reagan's reactionary and warmongering policy. America is held fully responsible for avoiding all sincere and constructive proposals by the Soviet Union and for not responding to proposals on urgent issues of the present time. For this, Reagan will suffer only isolation and strong public condemnation. Reagan's speech cannot convince anyone. On the contrary, it has laid bare the nature of a warmonger, lack of responsibility, and contempt for the life and death of mankind. Mrs Winnie Wright, member of the Arms Reduction Alliance in Toronto, Canada, said on 26 October that taking into account what Reagan said, those with good conscience would see more clearly how the United States is the biggest threat to world peace. More than ever, all nations need to unite and step up their vigilance in their efforts to push ahead

FATHERLAND FRONT DELEGATION CONCLUDES GDR VISIT

OW312002 Hanoi VNA in English 1550 GMT 31 Oct 85

[Text] Hanoi VNA October 31 -- Delegation of the Central Committee of the Vietnam Fatherland Front led by Nguyen Van Tien, member of the Presidium and general secretary of the front, on Oct. 28 concluded a 12-day visit to the German Democratic Republic. An agreement on cooperation between the Vietnam Fatherland Front and the National Front Council of the G.D.R. for the 1986-1990 period was signed on this occasion. The Vietnamese delegation was received by Karl Vogel, head of the front commission of the Socialist Unity Party of Germany. Prof. Dr. Lothar Kolditz, president, and members of the Presidium and the Secretariat of the front council gave a reception in honour of the Vietnamese guests.

JOINT OIL VENTURE WITH SOVIET UNION EXTENDED

OW312014 Hanoi VNA in English 1613 GMT 31 Oct 85

[Text] Hanoi VNA Oct 31 -- Empowered by the two governments, the council of Vietxopetro (Vietnam-Soviet Joint Oil and Gas Venture) held its 6th session at Vung Tau from October 21 to 26. The Vietnamese delegation was headed by Nguyen Hoa, General director of the oil and gas department and Le Khac, minister of foreign trade. The Soviet delegation was led by V.I. Timonin, first vice minister of gas industry, and N.P. Tolubaev, vice president of the Liaison Commission for External Economic Relations.

The council expressed satisfaction with the big efforts of the personnel of Vietxopetro during the past year in the prospection work as well as in the building of the material and technical bases for the exploitation of oil and gas in 1985. The council approved the five-year plan (1986-90) of vietxopetro and decided to quadruple the investments in equipment and materials compared with the 1981-85 plan. The two sides signed documents on the new five-year plan and made amendments to the agreement and regulations concerning the founding of Vietxopetro signed in June 19, 1981.

POLISH POLITICAL OFFICERS CALL ON COUNTERPARTS

Meet Chu Huy Man

BK251620 Hanoi VNA in English 1501 GMT 25 Oct 85

[Text] Hanoi VNA Oct 25 -- A delegation of senior officers of the Central Political Department of the Polish People's Army led by Senior Lieutenant General Jozef Baryla, member of the Polish United Workers Party Central Committee and vice minister of National Defence, has arrived here yesterday for a friendship visit to Vietnam at the invitation of the General Political Department of the Vietnamese People's Army. It was welcomed at the guest house of the defence ministry by General Chu Huy Man, Political Bureau member of the Communist Party of Vietnam Central Committee and head of the VPA General Political Department, and Lieutenant Generals Dang Vu Hiep, Nguyen Nam Khanh, and Pham Ngoc Mau, deputy heads of the host department; and many other high-ranking officers.

This morning, General Chu Huy Man had working sessions with the Polish officers. Speaking to his guests, General Chu Huy Man expressed his joy at the great achievements of the Polish people and Army in the present struggle to defend and build socialist Poland and wished them success in their current visit to Vietnam.

Meet Van Tien Dung

BK301555 Hanoi VNA in English 1508 GMT 30 Oct 85

[Text] Hanoi VNA Oct. 30 -- Defence Minister Gen. Van Tien Dung received here today the visiting delegation of the General Political Department of the Polish People's Army led by Senior Lieutenant General Jozef Baryla, member of the Polish United Workers' Party Central Committee and vice minister of national defence. With the defence minister were Lieutenant General Dang Vu Hiep, member of the C.P.V. Central Committee and deputy head of the General Political Department of the Vietnam People's Army, and Major General Vu Xuan Vinh, head of the International Department of the Defence Ministry. General Van Tien Dung warmly welcomed the Vietnam visit by the Polish political officers which, he said, has strengthened the militant solidarity between the two armies and encouraged the Vietnam People's Army in national construction and defence. He said he was very glad to learn of an over-increasing stability of the Polish situation and economic development in Poland under the leadership of the Polish United Workers' party. Senior Lieutenant General Josef Baryla conveyed the Polish defence minister's kind regards to General Van Tien Dung and informed him of the delegation's activities in Vietnam. He thanked the Vietnamese defence minister, the host department, army units, and localities for their warm welcome and hospitality given to his party.

Group Concludes Visit, Departs

OW312005 Hanoi VNA in English 1627 GMT 31 Oct 85

[Text] Hanoi VNA Oct 31 -- The delegation of senior officers of the General Political Department of the Polish People's Army left here this afternoon concluding its friendly visit to Vietnam. The Polish delegation, led by Senior Lieutenant-General Jozef Baryla, member of the Polish United Workers' Party Central Committee and vice minister of national defence, was seen off by General Chu Huy Man, Political Bureau member of the Communist Party of Vietnam Central Committee and head of the General Political Department of the Vietnam People's Army, and many other senior officers.

Earlier in the day, the Polish guests were warmly received by Vo Chi Cong, Political Bureau member and secretary of the party C.C.Vo Chi Cong took the opportunity to express sincere gratitude to the Polish party, state, army and people for their whole-hearted support and assistance to the Vietnamese people in their struggle for national salvation in the past as well as in their national construction and defence at present. He wished the friendship and cooperation between the armies and peoples of Vietnam and Poland further consolidation and development.

MARCOS GIVES 2 HOUR INTERVIEW TO TIME GROUP

HK010204 Manila PHILIPPINES DAILY EXPRESS in English 31 Oct 85 pp 1, 7

[By Miguel Genovea]

[Text] President Marcos underscored yesterday the need for a more "accurate definition" of the obligations of both the United States and the Philippines under the RP [Republic of the Philippines] -U.S. military bases agreement.

In a two-hour interview with members of the TIME newstour '85 Pacific Rim at the Malacanang Ceremonial Hall, the president said the need to clarify the provisions in the agreement is felt not only by Filipinos but also by some American military officials. Definitely, the President said, there is a consensus "that we define more accurately what exactly are the obligations of each country with respect to the military facilities."

The President cited, for example, the compensation package under which the U.S. grants the Philippines \$900 million over a period of five years starting Oct. 1, 1984. The President said the Philippines considers this provision of the agreement is mandatory on the part of the U.S. but the U.S. does not seem to think this provision is obligatory on its part." The group was told by the President that the Philippine Government has a "listing of disagreements on the implementation" of the bases agreement. However, he said, these are minor disagreements.

The visiting group, composed of editors of TIME Inc. and top American business executives, asked questions on the economic outlook, insurgency and the political situation in the country. The Americans arrived Oct. 29. They are also scheduled to meet with other government officials and local and business leaders.

A spokesman of the group thanked the President for his "generosity with you time and the candidness of your answer" and assured the President that "we cherish the relationship that exist between our two countries." The group presented the President a glass replica of the American eagle, symbolizing independence and freedom. "We present this in the belief that you and your country would soar above the present difficulties and you could improve the quality of life of all the Filipinos," the spokesman said.

The President also said: "We have exhausted all possible means for a fair and honest trial" regarding the killing of former Sen Benigno Aquino Jr. He exercises his powers in accordance with the Constitution, which was framed with the help of the opposition and later ratified by the people in a plebiscite.

While the value of the peso has shrunk along with the currencies of other developing countries, the income of the farmers has increased in proportion with the increase in prices of consumer goods.

As to the opposition, the President said: "If they had spent more time organizing their party in the provinces instead of quarreling among themselves here in Manila, they could have improved their situation," adding "far be it for me to teach them how to run their party." Regarding reports on the Philippine situation emanating from opposition sources, the President appealed to the opposition to use correct figures.

"We have found them exaggerating in some cases and cutting down on others." The President told the American executives that social justice is a very important priority in the Philippines. It is for this reason, he said, that a great portion of the fruits of development is set aside for social amelioration and social justice programs, including the extension of loans without collaterals to farmers.

The priority given to social justice, the President said, has convinced the people that the government is concerned about their welfare and is interested in making them productive units of society. This program is a vital part of the anti-insurgency drive of the government, he said.

On the economic recovery, the President assured the visitors that there are vital economic signs pointing to the success of government effort to lead the country on the road to economic stability. He cited the increase in the registration of small- and medium-scale industries, offers of capital investments from some countries in the Middle East and other sources.

As to the independence of the judiciary, the President said that the judiciary now is "composed of the most reliable men" from the Philippines bar. The Supreme Court, he said, has been issuing decisions against the administration. The judiciary cannot be controlled, he said, emphasizing that "it is better this way."

"Even if I appoint a judge, the moment he is appointed, he becomes independent and free; a self-sufficient arbiter of the rights of individuals and of the state," the President said.

Insofar as appointments in the military are concerned, the President stressed, there is no favoritism, adding that "playing favorites in the military is one way of easily losing the war." He assured his visitors that the present administration has the support of the people. Surveys conducted even by the opposition themselves indicated their support for the administration and their clamor for it to continue with its present programs.

Members of the Cabinet, headed by Prime Minister Cesar Virata, were also present during the interview. Before the interview, the briefed the visitors on the history of the country and the factors that brought about the economic crises, and the insurgency problem.

Stresses U.S. Presence

HK010050 Manila Far East Broadcasting Company in English 2300 GMT 31 Oct 85

[Text] President Marcos has expressed confidence that the presence of the United States in Asia would maintain the balance of power and curb adventurism in the region. He said the presence of the superpower in the region will be to the mutual advantage of both the United States and the Philippines. The chief executive spoke before U.S. business magnates and newspaper executives of the TIME newstour '85 Pacific Rim during a dinner Wednesday at Malacanang.

The president also said that it is necessary that all nations of the world would continue seeking peace and prosperity for mankind, to relieve tensions and eliminate the causes of war. However, he said, until such a time as a world mechanism is found to achieve this, nations must first return to the ideal and concept of maintaining balance of power.

MARCOS SIGNS DETENTION ORDER FOR AF REFORMISTS

HK311335 Hong Kong AFP in English 1320 GMT 31 Oct 85

[Text] Manila, Oct 31 (AFP) -- President Ferdinand Marcos has prepared an arrest order against leaders of a semi-clandestine group seeking reforms in the Philippine Armed Forces, a church-backed newsmagazine claimed today. VERITAS, quoting a "usually reliable source," said Mr. Marcos has signed a Preventive Detention Action (PDA) against some leaders of the Armed Forces' Reform Movement which could be served at a moment's notice. The presidential palace did not comment on the publication's claim.

The controversial PDA authorizes the military to detain dissidents and other suspects indefinitely even if they have not been convicted by courts. The reformists' spokesman, Navy Captain Rex Robles, told the magazine in an interview that his office was deluged with calls from colleagues in the movement "asking him for guidance" about the alleged order. The movement, led by junior officers, is calling for an end to alleged corruption, rank favoritism and abuses which they said was causing demoralization in their ranks and causing people to lose faith in the military. The movement came out in the open in March, one month after state prosecutors charged Armed Forces chief General Fabian Ver, 24 other military men, and a civilian with the 1983 murder of opposition leader Benigno Aquino. The group's spokesmen have publicly denied suspicion that they were planning a coup against Mr. Marcos, in power for the last 20 years. Capt. Robles said he had told his colleagues simply "to ignore what they heard as just the doings of enemies of the state wanting to alienate the movement from the president.

BOSWORTH CITED ON IMPROVEMENTS IN PHILIPPINES

HK010427 Manila Far East Broadcasting Company in English 2300 GMT 31 Oct 85

[Text] U.S. Ambassador Stephen Bosworth yesterday [31 October] noted the improvements in the democratic processes and institutions in Philippine society. These, he said, have been most evident in very recent times. In a speech before the Philippine Bar Association at the Hotel Intercontinental, Bosworth also noted the steps being taken by all sectors to strengthen the democratic institutions of the country. Citing the rule of law as the best and most civilized record that man has in defense of individual rights, Bosworth said the Filipino lawyers stand at the forefront of the struggle as sentinels of freedom and decency in defending workers right to strike, protesters' right to march, and journalists' right to publish.

Commenting on recent events, Bosworth expressed the hope of immediate and tangible solutions to the killing of Italian priest Father Tullio Favalii, the reported abduction of Father Rudy Romano in Cebu, and the Escalante massacre in Negros Occidental. Before the 300 bar association members, Bosworth noted the Philippine image 2 years ago as different from its panorama 2 days ago.

COLUMNIST ON CHALLENGES TO U.S. POLICIES

HK310951 Manila BUSINESS DAY in English 30 Oct 85 p 4

["Here and Now" column by Francisco S. Tatad: "A Contradiction in Terms?"]

[Text] A devoted friend and critic who says he agrees with 97 percent of what normally appears here called yesterday to claim his 3 percent.

I happen to have said the day before that "if we cannot stop (U.S.) intervention, let it (at least) be intervention for the Filipino people." That, in his view, is nonsense; it is a "contradiction in terms." The U.S. Government, like any other worth its name, does not act except in its own interests, and if it intervenes in the Philippines, it is to serve those interests, and hardly "for the Filipino people."

It is a fair statement: "No nation," said George Washington, "is to be trusted farther than it is bound by its interest." We are the sole custodian of our own interests, and we cannot and should not expect others to look after them. But political reality is often more complex than simple; we do not exist alone but live in a community of nations. We have to coexist, work, cooperate, enter into all sort of relations with others; and many times we do so on less than absolutely equal terms.

Whether in the international community or in human society itself, absolute equality does not exist; always there are the weak, and there are the strong. But his disparity of strength does not, and should not prevent the weak and the strong from working together, towards certain common objectives, according to some common principles. And this, for all its defects and imperfections, has been the story of Filipino-American relations.

Our relationship with the U.S., historic though it may be, is far from ideal. But while far from ideal, it is better than our ties with many other nations. Not everything about it can be or should be defended, but it is worth improving and keeping. Many of our treaties and agreements -- notably the military bases agreement of 1947, as amended, the mutual defense treaty of 1951, and the military assistance agreement of 1953, around which are built the security relations between the two countries -- have many times provoked criticism. They can stand improvement and we should not be averse to rewriting them.

Here, there must be greater equality in the give-and-take. The risks we contract for ourselves should be as closely proportionate as possible to the interests we defend and the benefits we derive from the arrangement. The entire relationship itself must be given a new focus, reflective of new realities and changing conditions. While the past pledged us to fight a common enemy, whenever that enemy became a menace, the future should bind us to a juster sharing of opportunity, progress, and more. If our partnership is to survive and prosper, our common concern should not only be in winning a past or future war, but above all in not losing the peace.

This is where the interests that either the U.S. or the Philippines pursues need not always be exclusive to itself. The fight for peace, justice, freedom and human development is not any single nation's exclusive concern; it is a universal good, and therefore a common human concern. This does not mean we should rely on the altruism or philanthropy of others. But if it is true, as Philip Kaplan reminded us on behalf of his government at the 41st Leyte landing rites several days ago, that "our peoples... are linked firmly by common democratic principles," then we have every right to expect that if the U.S. "intervenes," it is not simply to protect Clark Air Force Base and Subic Naval Base, but also to help the Filipinos defend their right to choose their leaders, their friends, their enemies -- and their future.

This is what we mean when we say that "if we cannot stop (U.S.) intervention, let it (at least) be intervention for the Filipino people." It is by no means an original proposition. In fact, some make bold to say that the U.S. has "incurred the duty to intervene in favor of the Filipinos," for having supported Marcos for so long, at the expense of the rights, liberties and wellbeing of the Filipino people.

The U.S. disavows any such "support." It has not, it says, foisted Marcos upon the Filipinos. What it has done is simply to continue dealing with the Philippine Government as one with whom it maintains close historic relations. The Filipinos chose Marcos to lead them; if they no longer want him, but can't get rid of him, then it's their problem, not that of the White House, Capitol Hill, the State Department, or the Pentagon.

Despite this official reasoning, however, the U.S. must see clearly now the certain harm in being indefinitely identified as the main external prop of the regime. This could explain the recent secret (and undecoded) conversations between Marcos and President Reagan's emissary Paul Laxalt, and the series of similar urgent messages from Washington. The U.S. is concerned that the communist-led insurgency has so grown that even if it fails to mount a full military challenge to the vastly larger and better-armed AFP [Armed Forces of the Philippines], it could make the act of peacefully governing the nation well-nigh impossible. And that would damage U.S. interests in the country and the region.

But precisely because what happens here is crucial to the stability of the region, there is the danger of looking at the insurgency in purely ideological terms rather than as largely the inevitable explosion of the people's anger. One could treat it not as a "domestic mess" but as a "global test of will" between the two superpowers. Nationalism, which seems to have found new vigor in the present struggle, could be dismissed as a mere camouflage of communism; and in the effort to contain the latter, one could become the enemy of the former.

The challenge to U.S. policy is to support the nationalist struggle and help it plug the country into -- rather than off -- the international system. It is to pursue the international status quo in the region, while supporting the nationalist program of political and social transformation within the nation.

U.S. BASES, U.S. PRESS CAMPAIGN VIEWED

HK010419 Quezon City Maharlika Broadcasting System in English 0100 GMT 1 Nov 85

[*"Analysis of the News"* by Teodoro Valencia]

[Text] A former foreign affairs minister who testified before the Batasang Pambansa committee investigating, or surveying, Philippine-American relations said that [words indistinct] abrogation of the existing Philippine-American bases agreement. I don't think the question of abrogation would ever be [words indistinct] because there is no possibility that the Americans will agree to abrogation.

The truth must be told that the Americans are beefing up their military installations in the Philippines. They are pouring \$1.3 billion into [words indistinct], new runways, new installations; in other words they are here for a long stay. If anyone thinks that the Americans are thinking of pulling out from the Philippines, they have another guess coming because the Americans, at this point in time, are not about to throw away \$1.3 billion, considering the fact that they are in a bad way economically alone. They have billions, trillions, and \$1.3 billion [words indistinct]. That kind of money to [word indistinct] Clark Air Base and the Subic Naval Base, it is because they have to, or they need to, because they are preparing for something that only they know about.

In the same way, the American Senate watered down all these proposals to bring down the [word indistinct] of the Philippines amounting to \$70 million to only \$40 million, because an American senator agrees with President Reagan that they are now in no position to antagonize the local population because the safety of Clark Air Base and Subic depends, in large measure, upon the confidence of the Filipinos themselves and their willingness to do something to protect these bases.

You know, if you have been reading the American newspapers, TIME, NEWSWEEK, WASHINGTON POST, the HERALD-TRIBUNE, European edition, Asian edition, THE NEW YORK TIMES, you will see a pattern of stories calculated to destroy the will of the Filipino people to resist American ideas on how to protect the American military bases in the Philippines. This has been going on since 1946, shortly after the Second World War when the Americans negotiated with the then President Roxas regarding the permanence of the American military bases in the Philippines. In the beginning the Americans proposed something like 48 bases or, if I recall correctly, at the very least 38. And then Vice President Elipidio Quirino, who was put by President Roxas in charge of the negotiations because he was minister of foreign affairs or secretary of foreign affairs, objected to the idea. Quirino enlisted the aid of newspapermen in exposing to the Filipino public the grand design of the United States military of converting the entire Philippines to a (?military base), as it were. Finally they settled for 9, or I think it was 12 -- I don't know how many now. But the principal bases would have to be Subic, Olongapo -- which they gave up later, Clark, [words indistinct] the installation in Baguio, Camp John Hay, the Poro point radio station, and several other minor installations.

Quirino was never forgiven by the Americans. In fact, the late President Roxas did not talk to him for a while. I should know. I was covering Malacanang at the time and I knew what transpired in those negotiations. Later, when Quirino took over after the death of the late President Roxas, he was not on very friendly terms with the Americans. When Quirino ran for reelection against Laurel, the Americans of course could not favor Laurel because as far as they were concerned he was a worse evil than Quirino. So they kept quiet and let things happen, and as you very well remember, Quirino won by a hair.

Years later, when Quirino was opposed by Magsaysay, the Americans put all their weight behind Magasysay. That was the only time they were able to come back to Quirino and make him sorry for what he did in 1946. Well the story can be repeated many times ever since -- you may have any Filipino leader of consequence who says one word against the American military installations in the Philippines, he would have to wait for [words indistinct],. In other words, the Americans are not going to allow anybody of any consequence to oppose the presence of those military bases.

So you see, all this propaganda that we read in the American press, the syncopated, orchestrated destabilization program has only one thing in mind: The Americans would like to (?pummel) the Filipino nationalists to ensure that only the people in favor of the permanence of the American military bases will have their voices heard. President Marcos [words indistinct] has a choice: If he does not [words indistinct] then he must be ready for the consequences.

The Americans [words indistinct] this barrage is going to continue unabated for all and sundry to [word indistinct]. I think they have barely started because the message of the American press is the message of the American Government, in other words, this country is another Iran, or another Vietnam. [Words indistinct] only those people who listen to American advice are worth listening to. Thus in the NEWSWEEK magazine, there were a few names mentioned as possible successors to President Marcos and all those names have one thing in common: They are in favor of the permanence of the American military bases in the Philippines, they are devotedly pro-American, and they have manifested by their actions in the past that they will seek only, American advice.

[words indistinct] Countrymen, this (sticky) situation, as I see it, [Words indistinct] Those of us who do not believe that the American military bases are out salvation, we are for (?destruction). Only the people who believe that the American military bases are here to protect us, they believe that fiction, have a right to (?endure) and remain in the public favor. Then others are for decapitation, as it were, and the American press is the (?forward echelon) of this never-ending battle. It has just begun.

VALENCIA ON 'CANARD' ABOUT MARCOS DYING

HK010407 Quezon City Maharlika Broadcasting System in English 0100 GMT 1 Nov 85

["Analysis of the News" by Teodoro Valencia]

[Text] [Words indistinct] whether that is true, what have been appearing in the American papers regarding the insurgency in the Philippines and the danger to the American military installations. What I meant was [words indistinct] many of the questions that were asked. Among other things, the visiting [words indistinct] about the difficult situation in the country, the insurgency, the economic picture, and I hope when they go back to the United States, they will deny the canard that President Marcos is a dying man. Because [words indistinct] if he were that sick, as sick as THE WASHINGTON POST says and as ineffective as NEWSWEEK magazine would like it presented to the American nation, then President Marcos would (?read) as the biggest liar in the world because he would have to take credit for being able to simulate a healthy man when, as a matter of fact, he is dying.

I think it's about time they did something similar to what TIME magazine did [words indistinct], to go to the Philippines and visit and see for themselves what things look like. [Wrdls indistinct] I think the best we can do is to invite more editors from the magazines that have been writing [words indistinct] about the Philippines. We can confront them with the fact that if they want to continue writing in the vein that they have been writing in the past, well, let them.

Just the other day there were pictures in the front pages of the newspapers of President Marcos who was playing golf, jogging, (?active) on television [words indistinct] to disprove the stories that he was dying. I don't think we ought to put up with [words indistinct] stories in THE WASHINGTON POST, NEWSWEEK, THE NEW YORK TIMES, and other American magazines. If they say President Marcos, that he is seriously ill, let them say so because we know what the facts are.

IDLE LAND AT CLARK AIRBASE SOUGHT FOR FARM

HK311349 Manila BULLETIN TODAY in English 30 Oct 85 p 13

[By Jerry Lacuarta]

[Text] Angeles City -- Deputy Public Works and Highways Minister and Member of Parliament Aber P. Canlas (KBL Pampanga) proposed yesterday the utilization of idle lands at Clark Air Base for productive endeavor.

Canlas, who is also general manager of the Metropolitan Waterworks and Sewerage System, said he will file in the Batasang Pambansa a bill seeking the conversion of these unproductive lands into an agricultural area. Clark Air Base, seat of the biggest American military facility outside mainland United States, occupies about 52,000 hectares of land situated in Pampanga, Zambales, Bataan, and Tarlac provinces. However, only more than 4,000 hectares are actually being used by the U.S. for its military installations. The remaining 48,000 hectares have remained idle since 1979, when the U.S. turned over Clark to the Philippine Government under the R.P.-U.S. military bases agreement. Sources said that big portions of Clark area are now being occupied by some 10,000 squatter-families.

STATE DEPARTMENT OFFICIAL DISCUSSES JENKINS BILL

HK300428 Quezon City Maharlika Broadcasting System in English 0400 GMT 30 Oct 85

[Text] A top U.S. State Department official left Manila for Seoul this morning following a 3-day consultation tour. The official is William Piez, the State Department's deputy assistant secretary for economic affairs. During his brief Manila visit Piez met with U.S. and Philippine officials. He gave them the assurance that President Reagan is virtually certain to veto the Jenkins Bill which would limit Philippine textile exports to the U.S. He told a news conference before leaving that the Reagan administration remains opposed to protectionism [passage indistinct].

MORE TRADE TALKS PLANNED WITH GEORGIAN REPUBLIC

HK310701 Quezon City Maharlika Broadcasting System in English 0400 GMT 30 Oct 85

[Text] Philippine trade officials will hold follow-up meetings with officials of the Soviet Republic of Georgia. The first lady yesterday held trade talks with Georgia officials. She also discussed with them a dairy technology transfer project. Mrs. Marcos spent 2 days touring the Georgian Republic which is near the Soviet border with Turkey and Iran.

AFP on Trade Talks

HK311445 Hong Kong AFP in English 1431 GMT 31 Oct 85

[Text] Manila, Oct 31 (AFP) -- The Soviet Union has offered to barter its machinery for Philippines' agricultural goods as part of a package to boost bilateral trade, it was announced here today. A statement from the presidential palace said the offer was made by Foreign Trade Minister Boris Aristov in Moscow yesterday at a meeting with President Ferdinand Marcos' wife Imelda. He offered the countertrade and also proposed construction of industrial plants for agricultural produce through easy-loan terms, the statement said.

Also offered by the Soviets was joint cooperation in fishing and processing of marine products in the Philippines, the marketing of Philippine products and expansion of Manila's ship-repair program to service Soviet ships. Mr. Aristov made the proposals after noting that bilateral trade in 1984 fell to 57.8 million dollars from 167.7 million dollars in 1981, the statement said. He suggested a meeting of trade experts to finalize details of the arrangement, the statement added. Mrs. Marcos reportedly told the minister that she would inform Mr. Marcos of the proposals. The Soviet offer came amid efforts by U.S. officials to convince Mr. Marcos to institute democratic reforms and boost the military's drive against communist insurgents. The Philippines is one of Washington's key allies in Asia and hosts the two largest U.S. overseas military installations.

PRIME MINISTER SEES 1986 AS GROWTH YEAR

HK010303 Manila Far East Broadcasting Comapny in English 2300 GMT 31 Oct 85

[Text] Prime Minister Cesar Virata says 1986 will be a growth year for the Philippines after several years of recession. He made the assurance as he spelled out the country's approach to achieve national economic recovery in 1986. Among the measures to be taken by the government to assure recovery is to maximize the efficient use of government resources. Meanwhile, Virata said the government may provide land grants as a mode of disposing of public land to enhance national productivity. He said the government will amend the forest code and allow land covered by the 28 percent (?slope) to be released for agricultural purposes. Under the present code, lands with 18 percent (?slope) are preserved for forestry and not for agriculture.

AQUINO DEFENDANT OLIVAS SCORES AGRAVA BOARD

HK010543 Manila Far East Broadcasting Company in English 2300 GMT 31 Oct 85

[Text] Major General Prospero Olivas, one of the 26 military officers and men indicted in the Aquino-Galman double murder case, yesterday [31 October] assailed the defunct Agrava Board and the prosecution panel for having indicted him without sufficient evidence. Olivas filed with the Sandiganbayan on the aspect of the murder weapon a rejoinder to the prosecution's memorandum. He said he was accused on the basis of wild accusations unsupported by evidence. He said the Agrava Board members maliciously and unjustly suppressed evidence as he cited evidence supporting his finding that the gun used in the Aquino killing as a magnum .357 was never mentioned in the final report of the Agrava Board.

NAVY CHIEF WELCOMES MARCOS 'ORDER ON MEDIA

HK310727 Quezon City Maharlika Broadcasting System in English 0400 GMT 30 Oct 85

[Text] Philippine Navy chief Simeon Alejandro today called the president's directive to authorize mediamen to cover military operations a welcome move. Admiral Alejandro said this would enable a more comprehensive, accurate, and balanced reporting of the news. [Alejandro recording indistinct]

MILITARY REFORMISTS DISENCHANTED WITH RAMOS

HK310853 Manila BUSINESS DAY in English 30 Oct 85 p 5

[By Marites Danguilan Vitug]

[Text] There has been an apparent change of mood in the Armed Forces reform movements: Some of its key officers are disappointed with acting Chief of Staff Lt Gen Fidel Ramos and the way he has been running the military in the past year. Officers in the reform movement told BUSINESS DAY they would welcome a new chief of staff from the younger crop of generals and the retirement of those whose terms have been extended by President Marcos. The latter include Gen Fabian Ver, chief of staff (on leave), Ramos and most of the major service commanders. The retirement of "extendee" generals appears to be one issue on which many Armed Forces officers -- both reform movement members and non-members -- agree. An officer in the National Intelligence and Security Agency (NISA), asked what his reaction would be should Ver be retired after the close of the Sandiganbayan trial of the Aquino murder, said that other extendee generals should likewise be retired.

The growing displeasure with Ramos stems from his reported cautiousness in implementing reforms in the Armed Forces and his perceived limited capacity to take bold steps in improving the military organization. "He's a good chief of staff for an Armed Forces in normal times. But these are critical times," an army officer said.

A Philippine Constabulary [PC] officer said that while he respects Ramos, he thinks his performance in the last year "has not been up to expectations." The same officer said Ramos has "allowed himself to be tied down too much" by the present set-up. Observers have pointed out that Ramos is surrounded by men close to Ver thus making it difficult for him (Ramos) to move fast and be effective. Said the PC officer: "If he is a strong chief of staff and he believes he is doing the right thing...that shouldn't stop him."

But some changes have indeed taken place in the year that Ramos has been in command. Another PC colonel pointed out that Ramos has often visited the field, kept communication lines open to officers and men, and has ordered the transfer to the field of forces originally deployed in M. Manila.

Ramos, in a press conference Friday, cited the gains of the Armed Forces under his command, among them, troop information and education, implementation of integrated security plans in towns and cities, creation of special action committees which investigated cases of erring soldiers, increased degree of delegated authority, and increase in government-initiated encounters (within the New People's Army).

Some officers point out, however, that Ramos has not been able to change troop deployments in most parts of the country, nor in field assignments of officers and men. There also have been instances wherein Ramos' orders have not been heeded. For example, Ramos ordered the relief of an erring officer who was later reinstated by virtue of his connections to other channels in the military command.

Non-military observers on the other hand, are disappointed with Ramos' handling of the Escalante killings. He also said the soldiers fired at the rallyists in Escalante on Sept 20 in "self-defense." Some said he "pre-judged" the case. Ramos said he was merely quoting reports from the field, "not mean(ing) to prejudge the case." He explained that it was standard operating procedure to send the president a spot report immediately after an incident occurs, such as the Escalante massacre.

Human rights violations have continued despite the creation of special action committees. Ramos reported 480 cases have been investigated during his one-year term resulting in the punishment of 120 officers and men. A cabinet minister attributed the perceived slowness of Ramos to his being "unsure of his position." A navy officer observed, however, that Ramos has "hewed closely to the don't-rock-the-boat thinking." Added the PC colonel, "He pulled his punches, hindi todo [not everything]..."

A consensus among the officers interviewed by BUSINESS DAY is that the final test of a good chief of staff is "effectiveness against the NPA," said a navy junior officer, "What is important is results."

Another letdown with Ramos, a Defense Ministry staff member said, is that he has also become part of those in government who like to paint a rosy picture of the country, particularly the Armed Forces. The MND [Ministry of National Defense] staffer said Ramos "lied with statistics" in a report submitted to the president in October which was signed by Ramos. (A copy of the report, entitled "The AFP [Armed Forces of the Philippines] in Counterinsurgency and Development," Ramos told reporters Friday, was submitted to U.S. President Ronald Reagan through Sen Paul Laxalt.)

For example, the report said the average monthly pay and allowance of military officers is P5,475 in 1985 while that of an enlisted man is P1,573. The MND staffer pointed out that P5,475 is the average monthly pay of a brigadier general, P1,573 is what a second lieutenant gets monthly. "Statistics were manipulated... they were shown as true figures," the staffer remarked. In another case, the report cited the per capita income per soldier in 1985 as P35,541. The MND staff member said this figure was arrived at without considering inflation rate and the increased size of the AFP.

In 1972, the AFP had about 60,000 men compared to 140,000 to 150,000 today. If the Civilian Home Defense Forces are included, the figure would reach to more than 200,000. In effect, the staff member said, the 1985 per capita income per soldier would be P6,000. This figure was arrived at dividing the AFP budget for salaries, P870 million in 1985, by the present number of AFP members. "They insist individual soldiers are well paid," the staff member remarked, "but also say the AFP needs more money."

In the meantime, these officers, faced with the imminent return of Ver as chief of staff, said they are in a situation wherein they have no choice but to put up. "There's no choice but to accept it (Ver's return)," a junior navy officer said, shrugging his shoulders. This sentiment is echoed by a number of reformists interviewed by BUSINESS DAY. Explained a PC colonel, "We are professional soldiers. We obey orders..." "What can I do? Whoever sits at the top, as long as he is professional, is okay," said a junior PC officer.

ARMED FORCES DEFECTOR CRITICIZED BY REFORMISTS

HK310801 Manila BUSINESS DAY in English 30 Oct 85 p 13

[Text] The Reform AFP [Armed Forces of the Philippines] Movement yesterday said Col. Alexander Bacalla, who announced his defection in the United States last Friday for political reasons, is a "respected colleague who doubtless acted honestly according to the dictates of his conscience." But the movement said it does not believe in fighting for peaceful change in the Armed Forces and in the country "from 10,000 miles away."

Bacalla announced his defection at a meeting of the Movement for Free Philippines, headed by former senator Raul Manglapus. Explaining his defection, Bacalla, who was the assistant deputy chief of staff for civil-military relations, said he could "no longer wear the uniform I once so proudly wore," adding that the uniform in the eyes of the people "drips with blood -- the blood of countless victims of military atrocities -- and the blood of Ninoy Aquino." He said the Armed Forces has been used as "an instrument of personal rule."

BULLETIN TODAY ON CHURCH-MILITARY TIES

HK310905 Manila BULLETIN TODAY in English 30 Oct 85 p 6

[Editorial: "Clarifying a Relationship"]

[Text] The invitation of the Army to Cardinal Sin to say mass at Fort Bonifacio and the cardinal's homily should dispel all doubts about the attitudes of the church and the military toward one another. There have been irritants, to be sure. Church groups have inveighed against military abuses and some in the military have suspected some members of the church of protecting people believed to be insurgents. But the differences have not affected the relationship partly because of the need of one for the other and partly because this is a Christian nation.

There would be fundamental differences between the two groups if, for example, the government were anti-church or vice versa. Such has been the situation in a few countries. What has tended to give substance to the suspicion that there is mutual antagonism between the church and the military is the habit of careless generalization. Because of some abuses and some demonstrations, some citizens jump to the conclusion that the military and the church are enemies. Little thought is given to the fact that most soldiers are devout church followers and to the fact that religion is so ingrained in the life of the people that the Armed Forces cannot do without chaplains. These are factors of unity that cannot possibly be shaken off by partisan differences. The perceptions of a few which tend to create division cannot obviously prevail over the feelings of the overwhelming majority.

WE FORUM ASSESSES ARMED FORCES, NPA STRENGTH

HK300905 Quezon City WE FORUM in English 22-28 Oct 85 p 3

[By Jimmy Montejo]

[Text] Who really is winning the war?

Both the government and the New People's Army have been claiming they have the upperhand, citing statistics to support their respective allegations. The figures, as could be expected, greatly vary and it is next to impossible for the people -- they are the judge in this case -- to decide who is telling the truth. But one thing is certain, the civilians are losing.

Even the military's records grant that more civilians got killed this year in insurgency-related incidents, than military men, the police and the Civilian Home Defense Forces combined. The AFP [Armed Forces of the Philippines] records, released through its public information office, revealed that from January to July this year, a total of 777 civilians, including 63 government officials, perished in the crossfire between New People's Army guerillas and government troopers. For the same period, the security forces suffered a total of 714 casualties broken up into 341 soldiers, 99 policemen and 274 militiamen. Militiamen, of course, are also civilians who volunteered to fight the insurgents for a measly P200 per month as compensation. The government calls this incentive "subsistence allowance." After all, patriotism could not be measured in money, it added. For the same 7-month period, the AFP records showed there were 1,296 separate incidents attributed to the NPA.

In a public forum on June 4, acting AFP Chief of Staff Lt. Gen. Fidel V. Ramos admitted that the military hierarchy is deeply concerned over increasing activities by the underground movement. He said NPA depredations went up by about 11 to 15 percent for the first five months of the year. The AFP claimed they killed 1,155 insurgents from January to July and captured 274.

On the other hand, the communist movement reported in its "NPA publication," PULANG BANDILA (RED FLAG) that they won 95 percent of 526 attacks they conducted from April last year to May this year. The underground paper alleged that a total of 1,200 troopers were slain or wounded during the same period. At least 800 soldiers were forced to surrender and 2,192 firearms seized, it said. The NPA placed its own casualties at more than 100.

For the whole of 1984, more than 3,600 persons died in insurgency-related incidents, Gen. Ramos also revealed. The casualty ratio, he said, was four insurgents to three on the government side and three on the civilian sector. Brig. Gen. Eduardo Ermita, AFP civil relations service chief, told WE FORUM last Friday that for this year, the ratio was three civilians, four on the government, and 7 on the enemy side.

While the government has admitted that there has been an upsurge of rebel activities particularly in the countryside, it assured that the national security situation is still under control. "The situation should neither be cause for alarm nor for any doubt in the capability of our government to contain the forces of dissidence, rebellion and criminality," Gen Ramos stressed. Defense Minister Juan Ponce Enrile shares his assessment.

It cannot be denied, however, that through the years, the NPA has grown from a ragtag band of only about 35 armed regulars in 1969 to tens of thousands at present. The AGENCE FRANCE-PRESSE, quoting an NPA spokesman, reported that the dissident movement was gaining "by leaps and bounds" even as it admits that the government forces are still "superior". "We still cannot crush the dictatorship," the NPA spokesman reportedly said. PULANG BANDILA also said the NPA had stepped up their activities since last year, 10 guerilla operations a week compared to 7 or 8 in 1983. It also claimed they have doubled their arms seizure with an average of 175 firearms confiscated from troopers and policemen a month.

These developments had even caused the American Government to worry about the security of its military bases, Clark and Subic, in the Philippines. The U.S. Senate was mulling the transfer of the bases to other areas in the Pacific such as Guam and Northern Marianas, Tinian particularly. While it admitted that there is a vital need to upgrade the facilities of the two bases to the tune of \$1,300 million, in the face of "increasing Soviet presence at Cam Ranh Bay in Vietnam, it is hesitant to do so because of what it described as "worsening security conditions in the Philippines."

WORLD BANK MANDATES PORTS' FINANCIAL AUTONOMY

HK300847 Manila TIMES JOURNAL in English 29 Oct 85 p 15

[Text] The World Bank has set full financial autonomy for the Philippine Ports Authority (PPA) as one of its conditions for financing further ports development in the country. PPA officer-in-charge Maximo S. Dumla Jr. disclosed over the weekend that a World Bank preparatory mission visited the country recently and found the PPA's current ports development program to its satisfaction.

The mission, Dumla said, manifested interest in financing the development and rehabilitation of 11 strategically located ports throughout the country, which fall under the Fourth International Bank for Reconstruction and Development (IBRD) Ports Project of the PPA. Dumla said that the World Bank, depending on the priorities of the government, is willing to lend the country \$50 million for the Fourth IBRD Ports Project. The ports to be developed under the fourth IBRD package are those in Calapan, Nasipit, San Jose, Tagbilaran, Pulupandan and Surigao and those to be rehabilitated are the ports in Bauan, Sta. Cruz, Legaspi, Tabaco and Pulawan.

Dumla said that the loan package from the World Bank also includes a technical assistance portion involving certain projects primarily geared toward the further improvement of the PPA's management, operational, and financial systems. Dumla, who is also chairman of the steering committee of the Fourth IBRD Ports Project, however, said that one of the covenants of the financial assistance would be the PPA's increased corporate financial and operational autonomy.

For some time now, the PPA has been seeking full financial autonomy through exemption from Presidential Decree [PD] 1234, which requires all government-owned or controlled corporations and their subsidiaries to remit all of their earnings to the national treasury. The government, however, has yet to grant the PPA's request for exemption from PD 1234. The PPA is one of only three, out of about 225, government-owned or controlled corporations that are making money. Last year, the PPA had a net income of nearly P70 million on total revenues of P503 million.

As of August this year, according to Dumla, the PPA was estimating its revenues for 1985 to reach P575 million and its net income to amount to P183 million. Dumla said that the detailed engineering designs and preparation of contracts for the ports under the fourth IBRD package, which are being undertaken under the PPA's management by Lavalin International Inc. in association with Basic Technology and Management Corp., will be finished by February next year. He said that a full appraisal will be conducted by mid-1986 and the project implemented by 1987.

1985-89 PUBLIC INVESTMENT PROGRAM SCALED DOWN

HK311050 Manila BULLETIN TODAY in English 30 Oct 85 p 25

[Text] The total public investment program for the five-year period 1985 to 1989 has been scaled down by the National Economic and Development Authority [NEDA] in line with the reduced expenditure ceilings adopted by the national government. As revised by the NEDA, the public investment program during the next five years has been reduced to P144.1 billion at constant 1985 prices.

This is lower than the P194 billion program presented by the Philippine government to the consultative group of creditor countries in its meeting last January. On the average, the new investment ceiling represents a reduction of approximately P10 billion per year for the period covered. A NEDA report showed that the bulk of updated program is for on-going and proposed projects of major government agencies and government-owned or controlled corporations costing P300 million or more and including foreign-assisted projects. Only 3.6 percent, or P4.3 billion of the revised program is to be allocated for preinvestment and unprogrammed projects and contingencies, compared to the 18 percent public investment program approved in January, which was subsequently revised to 11 percent in March this year. In the latest adjustment program 93 percent of the updated program for 1985 and 82 percent in 1986 had been allocated to on-going projects.

The NEDA report noted that capital expenditures on new projects are expected to increase gradually after 1986, subject to constraints on the budget deficit and on fund availability. To tighten controls on new projects eligible for the new program, final review and approval shall be done through existing procedures of the Investment Coordinating Committee (ICC) of the NEDA. At the same time, corporate investment programs will be more tightly integrated with the medium-term financial plan of the national government and other agencies involved in the financing of capital investments. The capability of the individual implementing agencies to evaluate new investment proposals will also be strengthened. The NEDA pointed out that the down-scaling of the public investment program last June took into account projected changes in "resource availability" during the five-year period due to the following:

1. Improvements in corporate internal cash generation;
2. Restructuring of some debt payments and project loans;
3. Revised targets under the International Monetary Fund adjustment program.

AUDITOR SCORES RP FIRMS ON DIVIDEND POLICIES

HK301046 Manila BULLETIN TODAY in English 29 Oct 85 p 19

[Text] The failure or refusal of state corporations to pay dividends has deprived the national government of substantial earnings that could ease its financial position and lessen the need for borrowings to cover budgetary deficit. The Commission of Audit [COA], in its 1984 annual report on the national government, said the remittance of dividends is a statutory obligation that should be followed by state corporations, particularly if they are making profits even after having deducted expenses for their debt service payments. COA cited the need to strengthen the law governing remittance of these dividends to the national government because of observations that state firms are generally taking this obligation for granted.

"When state corporations are suffering financial reverses, they are quick to turn to the national government for assistance, but when business is good, they generally keep the profits to themselves," a COA official lamented. Executive Order No. 518 requires every state corporation to "declare at least five percent of its net earnings of each year as cash dividends and that such dividends accruing to the national government shall be received by the Bureau of Treasury and recorded as income under the General Fund." According to the audit body, even if some state corporations managed to pay dividends to the national government, these dividends are of nominal value because they are in the form of stock certificates.

LOCAL GOVERNMENTS' USE OF SUPPORT FUNDS OPPOSED

HK310927 Manila BULLETIN TODAY in English 30 Oct 85 p 18

[By Jerry Lacuarta]

[Text] Angeles City -- A proposal of the U.S. government to release the economic support fund (ESF) directly to the local governments has been opposed by the ESF secretariat in Manila. Sources at the ESF secretariat said that the proposal has already been submitted to the Philippine government by the U.S. Agency for International Development (USAID).

ESF, the Philippine government said, is a rental for use of the American military bases in the country. The U.S. however, disputed the claim, saying that ESF money is part of its foreign economic and military aid for the developing countries. The Philippines has received \$200 million in ESF from 1980-84 and \$900 million more for a five-year period ending in 1989. The fund is intended for the socio-economic projects in areas adjacent to the U.S. military bases in the country.

ESF secretariat officials expressed the fears that the U.S. proposal might virtually defeat the very purpose of the ESF once it is released directly to local government. They said that they "smell something fishy in the proposal because it was made at a time when local elections are fast approaching."

It was not immediately known how much is the amount intended by the U.S. for distribution directly to the local governments but sources said that "it would be more than the amount to be spent by a provincial governor or city or municipal mayor in his political campaign." Once the government accepts the U.S. proposal, it would virtually make ESF funds money for politics, sources said.

T-BILL ISSUANCES TIGHTEN CREDIT MARKETS

HK301042 Manila BUSINESS DAY in English 29 Oct 85 p 2

[By Rigoberto D. Tiglao]

[Text] The government's borrowings from the public through its Treasury bills to cover the sharp fall in its revenues are slowing down the monetary authorities' program for loosening up credit for private industry. Funds being released as a result of the looser monetary policy are apparently flowing back to government coffers to fund its expenditures rather than being channeled to industry. Central Bank [CB] data indicated that after falling from a peak of about P62 billion as of end-1984 to about P52 billion several months ago -- when the CB started sharply pulling down yields on government securities -- the outstanding level of CB and T-bills has slowly increased to P56 billion as of Oct. 18.

The increase in the total outstanding issuances of the government IOUs was largely due to the rise in the level of T-bills, the proceeds of which are used to fund the government's expenditures. This grew from P21.5 billion several months ago to the Oct. 18 level of P26 billion. The level of CB bills, on the other hand, has decreased from about P32 billion two months ago to the mid-October level of P30 billion.

BUSINESS DAY sources among the major dealers in the two short-term government securities said they expect the level of T-bill issuances to still increase at least in the next two months since the government so far has been holding back its plans to institute new tax measures to shore up its revenues. It was earlier reported that as of the second week of September, the government's budget deficit, according to the definitions set by the International Monetary Fund (IMF), reached P5.6 billion, close to the P6.2-billion ceiling imposed by the Fund for the entire year.

However, in terms of actual cash deficits, the Bureau of the Treasury had reported that the cash deficit of the government for the first semester of the year already hit P15.8 billion, or more than triple the P5.3-billion cash deficit in the first half of the previous year. President Marcos himself had disclosed that the government needs an increase of about P2.2 billion to P3 billion in its revenues to meet its expenditures for the year. The growth in T-bill issuances in the past two months was largely the result of the fact that the CB on at least two instances reopened sales of the very short-term T-bills (the 35-day and 49-day bills). Investors prefer these bills because of their extremely short maturity periods. The CB however for the past three weeks has stopped issuing these bills, with most of the new issuances of either the T-bills or the CB-bills confined to those with maturities of at least 212 days. Dealers of the government securities said however that they expect the CB to again issue on a limited scale the very short-term T-bills since these are required by the government to fund its expenditures.

Despite the sharp fall in the yields of the government's short-term IOUs, they are still currently the only viable investment venues since the bills are virtually risk free compared to what investors perceive as the enormously risky lendings to industry at this time when the country has yet to resolve its political and economic difficulties. The funds of most commercial banks are largely tied up in government securities rather than being lent to industry. This explains why despite the economic recession most of the big banks will still end the year with fat profits. BUSINESS DAY sources said the three banks which account for the bulk of T- and CB-bills sold directly by the CB are Far East Bank and Trust Co., Bank of the Philippine Islands and Citibank, N.A.

The 212-day T-bills are currently selling in the primary market (from the CB to the dealer) at a rate of 17.25 percent. Dealers' spreads however are thinning from the peak of about 2 percent to 3 percent last year to the 1/4 percent to 3/4 percent range. Dealers also reported that the commercial paper market in the past few months has started to pick up and is now the main competitor of the T-bills. Investors though are still wary of the risk factor in these commercial papers [IOU's issued by the large stable firms), so that commercial paper rates are half a percentage point higher than the yields of the T-bills.

The government's problem in generating the revenues it needs to fund its operations has been mainly due to its decision to peg the peso dollar exchange rate at the P18.50:\$1 level for most of the year. The budget ministry's own calculations had projected that the rate should average P21:\$1 for the entire year.

The strengthening of the peso meant that less peso revenues were generated mainly from import duties which are calculated on the basis of their dollar values. This problem was compounded by the sharp drop in imports, apparently arising from the fact that much of Philippine business still have not recovered from the monetary authorities' interest-rate onslaught last year.

The ALF [Agriculture Loan Fund], financed by a \$100-million loan from the World Bank, \$18 million from the U.S. Agency for International Development (USAID) and peso counterpart funds, is currently under the supervision of the CB. However, despite CB governor Jose B. Fernandez's announcement that the loan facility is now available, sources in the banking industry said the ALF has "no takers" because of its high interest charges. Escudero said if the Ministry of Agriculture and food (MAF) is allowed to administer half of the fund, "it will ensure production loans to small farmers at relatively lower interest rates and at the same time hasten the movement of the peso." He said he will seek the World Bank's approval by next month during the scheduled visit of the Bank's Philippine representative, Ralph Wadsworth.

COLUMNIST ON IMPORT LIBERALIZATION PLAN

HK311345 Manila BULLETIN TODAY in English 30 Oct 85 p 28

[Column by Bernardino Ronquillo: "Import Easing Worries Trade"]

[Text] Philippine industry leaders have been seeking postponement of the import liberalization scheme the government is cheduled to implement by the start of 1986. They are worried that if there should be across-the-board cuts in tariff duties as planned, local industries would be hurt by the anticipated influx of cheaper-priced foreign goods. They claim their products will not be able to compete with foreign-made goods and need more time to make local industries more efficient.

Import liberalization is part of the economic policy reform the Philippine Government has committed to institute under the recovery program. The rationale behind such a change in policy is that development is faster and healthier under a free market rather than under a controlled economy. The tariff and other barriers the country has set up against imports, it is claimed by those who believe in free enterprise, have actually worked against the interests of local industries.

First of all, it is pointed out by our technocrats, the "over-protection" certain industries have been enjoying have become a disincentive to any serious effort to make them competitive on the domestic as well as international market. Consequently, they have little or no effort to improve the quality of their products or to reduce costs.

Secondly, the high tariff on imported goods has actually worked against the interests of local producers especially of processed or manufactured goods, particularly if they have to compete on the world market against manufacturers in competing countries which buy their raw materials equipment and spare parts with zero or minimal import duty.

There seems to have been no quantification of the extent of curtailed output affected industries stand to suffer should the import liberalization program start getting implemented by next January. But an official categorization of imports the country has been bringing in shows that cheaper imports would, in the Philippines' particular case, be beneficial to national economic development.

In the last quarter of 1984 when imports of consumer goods were bigger than in the previous three quarters, only \$111 million worth of consumer goods came in, according to trade statistics complied by the Central Bank, or less than 10 percent of the total for that quarter. Imports of raw materials constituted the largest single category at \$640 million, followed by mineral fuels at \$354 million and capital goods at \$257 million.

By and large, import liberalization will thus be good for the economy, especially for the productive sector. But even the few affected industries will not be entirely helpless. The anticipated import duty cuts may be counter-balanced by a cheaper peso which also tends to make imports more expensive. Over the long run, tariff reform should make local industries more efficient and therefore more competitive.

LOW LOAN RATES TRIGGER BANK COMPETITION

HK300915 Manila BUSINESS DAY in English 29 Oct 85 p 3

[By Conrado R. Banal III]

[Text] The competition among banks for good loans is growing fiercer, and the banking system's cry for Central Bank [CB] help is getting louder. Last week, probably in reaction to the CB's further lowering of its interest payments on government IOUs, a couple of commercial banks slashed their lowest lending rates -- their prime rates reserved for their best clients -- by two percentage points. Their lowest loan rate now is 16 per cent a year, lower than the prime rate of 17 per cent a year before the economic crisis started in 1983. With typical banking wit, a banker said banks are "simply engaged in a friendly cutthroat competition" for less risky loans. Awashed with funds without any really profitable outlets, banks are lending out money even at a loss so they could at least develop their clientele, others said.

Bankers have privately complained to CB governor Jose B. Fernandez Jr. about the situation. The CB governor reportedly told one banker. "It is a healthy sign, so let us try to do something about it." Some bankers are suggesting that the Bankers Association of the Philippines (BAP) should pursue more aggressively its request to the CB to effect reductions in the so-called intermediation costs of banks. Some bankers believe that banks need the relief a cut in their intermediation costs can provide. They said banks will still compete against each other, but the bigger profit margins that can come from the reduction in intermediation costs will give banks more elbow room to compete.

Precisely because of the cutthroat competition among banks for good loan accounts, banks will have to share with borrowers whatever would be removed from those costs, through lower loan charges. But the BAP, as in the past, prefers to pursue its request for the CB to reduce their intermediation costs through informal talks with Fernandez. BAP officials are nevertheless confident of getting the desired response from Fernandez, who before his appointment as CB governor was also a private banker.

Fernandez has been sympathetic in the past. For instance when the CB recently shortened the maturities of government IOUs, banks, which account for the bulk of the P55 billion worth of outstanding issues, pressed the CB to restore the short-term securities. For two days, the shortest maturity period of government IOUs that banks could buy was 120 days, and banks did not want to tie down their funds for such a long period. Bankers told the CB that although they were losing a little in government IOUs, investing in these securities was better than letting their funds remain idle. The CB relented and reopened the 30-day government IOUs. It is said in banking that Fernandez had a hand in this decision.

The CB however last week further reduced its interest payment on government IOUs as if to tell banks that it really wants them to lend out their funds to business. That day, banks asked payments for about P600 million worth of their maturing CB-bills and Treasury bills. Banks need every peso profit they can get to offset losses in other investments, bankers said. Aside from losses in government IOU placements, past due loans -- some of which have to be written off -- are proving a big burden for many banks.

Bankers admitted that banks generally still record higher profits compared to other industry groups. They said however that banks must be able to show profits to maintain public confidence in them. Their stockholders must also be convinced about their profitability to put in more equity. Bankers noted that Fernandez has been talking about raising the capital requirement for commercial banks to at least P1 billion. "How else can banks get new equity except through stockholders?" a banker asked.

CORPORATE INVESTMENTS INCREASE IN SEPTEMBER

HK301014 Quezon City ANG PAHAYAGANG MALAYA in English 23 Oct 85 p 7

[Text] Corporate investment for September totalled P543-million, of which P223.6-million was in the form of paid up capital of new firms and P320-million in capital infusion into existing enterprises. Paid up capital of the new enterprises increased by 97.9 per cent from last August's capital of P113-million, the Securities and Exchange Commission [SEC] reported.

The upsurge in the investment was brought about by the setting up of four new big trading corporations, namely, Oriental Winds International Inc., Northern Negros Industries Corp., Aggregate Trading Corp. and Produce Market Development Corp. Among existing enterprises, ten corporations and four partnerships were dissolved resulting in a capital outflow of P10.4-million while two other firms reduced their capitalization by P27-million. The total outflow of P38-million, however was covered by capital infusion into existing firms of P358-million resulting in a P543-million net inflow during the period.

Foreign investment in new and existing domestic entities amounted to a mere P143.1-million, down by 70.2 per cent from August's P476.2-million. The lower foreign capital inflow last September, according to SEC, was due to a "smaller equity participation of the foreign nationals" in both the business expansions of existing firms and startup of new domestic enterprises. Wholesale and retail trade remained as the favorite business area of entrepreneurs last month which accounted for 35.2 per cent or 119 of 153 new domestic enterprises. This was followed by the financing, insurance, real estate and business services sector with 18.4 per cent or 80 firms and then the manufacturing sector with 15.6 per cent or 68 firms.

The wholesale and retail trade topped all other industries in paid up capital, cornering P141.5 million or 63.3 per cent of total investments. The national capital region was still the favorite site in launching new businesses with 257 firms preferring the Manila, Makati and Quezon City areas with a total investment of P89.5-million.

COLUMNIST VIEWS PROGRESS TOWARD AGRARIAN REFORM

HK281005 Manila TIMES JOURNAL in English 27 Oct 85 p 6

["Horizons" column by Jeremias U. Montemayor: "Agrarian Reform Extras"]

[Text] One necessary ingredient of agrarian reform which was never adequately realized in the past, is the formation of farmers' co-operatives. It is true that for several years in the past government had exerted a lot of effort and devoted a lot of funding to promote the formation of cooperatives among the small farmers. But farmers' co-operation, while considered important and useful, had never been considered as an indispensable component of agrarian reform.

PD [Presidential Decree] No 27 is the first piece of legislation which requires membership in a co-operative as a condition for a tenant-farmer to enjoy the full benefit of land transfer. The decree provides: "No title to the land owned by the tenant-farmers under this decree shall be actually issued to a tenant-farmer unless and until the tenant-farmer has become a full-fledged member of a duly recognized farmer's cooperative." The full import of the foregoing requirement is particularly appreciated by people who have had long experience in the work of rural amelioration. They realize that unless the farmers themselves organize cooperatives of their own which will attend to their own special needs and problems, no government or private agency or institution can help them effectively. PD No. 27 further provides: "In case of default, the amortizations due shall be paid by the farmer's co-operative in which the defaulting tenant-farmer is a member, with the cooperative having a right of recourse against him."

Another important element that must go into a successful agrarian reform program is an effective provision against the indefinite fragmentation of land-holdings. PD No. 27 has such a provision: "Title to land acquired pursuant to this decree or the land reform program of the government shall not be transferrable except by hereditary succession or to the government in accordance with the provisions of this decree, the code of agrarian reforms and other existing laws and regulations."

Under the provisions of the code of agrarian reforms a landholding acquired under it may be transferred by hereditary succession only to one heir. Obviously, should other heirs be entitled to a portion of said landholding, their rights may be satisfied in terms of money and/or other property.

Actually, however, the best insurance against the indefinite fragmentation of land-holdings is the success of the agrarian reform program itself. For if the program is successful, it will result in the expansion and increased vigor of industry, commerce and the services, mainly due to the considerable increase of the purchasing power of the farming masses and the increasing availability of raw materials produced in the farms. As industry, trade and the services expand together with agriculture; more and more manpower will be absorbed in the factories and in the commercial and service enterprises. Thus, an increasingly bigger number of rural people will not have to farm and the final result is often a bigger area of farm land per farmer.

On the other hand, small-scale ownership can be combined with large-scale operations through the organization and operation of farmers' cooperatives. Moreover, the constant progress being made in small-farm production and processing technology makes it possible to derive greater and greater income from smaller and smaller areas of land. Finally, small farms may be made viable by integrating therewith such varied agricultural and agriculture-related enterprises that do not require wide areas of land, like poultry, piggery, horticulture, vermiculture, agriculture cottage industries, intermediate processing, etc.

SUGAR WORKERS REQUEST REHABILITATION FUNDS

HK301004 Manila BULLETIN TODAY in English 29 Oct 85 pp 1, 10

[By Jen Jorvina]

[Text] Pili, Camarines Sur -- Some 80,000 sugar workers here expressed fears yesterday of more economic difficulties due to the failure of the National Sugar Trading Corp. [Nasutra] to pay its P14.8 million obligation to sugar planters and workers. The workers said that their difficulties were further compounded by the heavy damage wrought by typhoon "Saling" on their crops and property last week.

Eduardo F. Mercado, president of the Bicol Sugar Development Corp. Planters Association [Bisupla], appealed to President Marcos to order the Nasutra to pay them immediately so they could be bailed out of their present difficulties. Mercado also appealed to President Marcos for the release of the Philippine National Bank's [PNB] allotment of P18 million for the repair and rehabilitation of their sugar mills. Of this amount, P7 million will go to mill repair and rehabilitation and P11 million to milling and operational expenses. Part of the PNB allotment will be used to alleviate the plight of displaced sugar workers and planters, he said.

At the end of the crop year last June, Nasutra bought some 305,000 piculs of sugar produced by Bisudeco valued at P91 million. So far, Mercado said, only P76.2 million had been paid by Nasutra to the sugar planters, through the PNB Naga City and Iriga City branches, Republic Planters Bank and the Rural Banks of Pili and Libmanan, and the Land Bank.

Donald B. Domulot, Bisudeco [Bicol Sugar Development Corporation] union president, disclosed that sugar traders in Manila had already paid Nasutra the total P91 million production by Bisudeco as of June this year. Part of the remaining sugar production of 290,000 piculs worth P27 million, according to Domulot, are still at the Bisudeco warehouse. Domulot was apprehensive that if Nasutra would not pay its obligation with the sugar workers and planters they would put up anew a human barricade to prevent sugar traders from withdrawing their paid allocations. He said that further delays in mill repairs and rehabilitation would result in the stockpiling of unmilled sugar cane. Work on the repair and rehabilitation, he said, normally takes three months.

Domulot said that Bisudeco has only one milling season, unlike that of Negros which has a year-round milling season. He said that some 170,000 tons of sugar cane are targeted for milling next January or February. Bisudeco has a million capacity of 3,000 tons per day. He said that last milling season, some 50,000 tons of sugar cane worth P11.7 million were left to rot in the sugarcane fields because of the delay in the milling operation. Mercedo said that the president of the National Federation of Sugarcane Planters and concurrently commissioner of the Philippine Sugar Commission (Philscum) had already made representation with the PNB board regarding the plight of the Bicol sugar workers and planters.

BUSINESS DAY REPORTS RESURGENCE OF BLACK MARKET

HK310953 Manila BUSINESS DAY in English 30 Oct 85 p 2

[Text] Black market activity has started to pick up in recent weeks, prompted by the lower peso-dollar exchange rate being used in this parallel market.

Sources in industry told BUSINESS DAY that the black market now sells dollars at 45 centavos less than the official guiding rate used by banks in buying or selling foreign exchange. They also said about \$2 million is transacted daily in the black market as importers purchase some of their foreign exchange requirements from the parallel market in order to take advantage of the lower rate. As a result, sources said, undervaluation of imports is now more rampant, with importers declaring lower import values in order to reduce their tax and duty payments.

"The situation today is exactly the opposite of the situation at the height of the foreign exchange crisis, with importers now resorting to undervaluation," sources said. At the height of the foreign exchange squeeze two years ago, importers overvalued their imports so they could salt away the differential abroad. At that time, the official exchange rate was lower than the black market rate. Today however, the black market rate is lower than the official rate and in order for importers to benefit from the differential, they undervalue their imports. They source [as published] part of their foreign exchange requirements from the black market where they can buy dollars cheaper.

Unconfirmed reports also indicate that smuggling at the waterfront has risen sharply despite government efforts to curb the illicit entry of imports. Sources said the rise in smuggling could be in anticipation of the Christmas season when demand for imported goods is at its highest. Smuggling is carried out primarily at the breakwater where barges can anchor alongside mother vessels to ferry away imported goods to designated unloading points along the Pasig River. Among the major goods being smuggled are textile materials, car spare parts, watches and other similar consumer goods brought in in bulk.

\$12.25 MILLION LOAN AGREEMENT SIGNED WITH DENMARK

HK310829 Quezon City Maharlika Broadcasting System in English 0800 GMT 31 Oct 85

[Text] The Philippines and Denmark today signed a loan-structuring agreement for some \$12.25 million. The loan was obtained by the Philippines from Denmark on a government-to-government basis free of interest. The accord was signed by Prime Minister Cesar Virata for the Philippines and (Hans Withkrop Christensen), chargé d'affaires of the Danish Embassy in Manila. The Central Bank was the direct [word indistinct] of the loan and was guaranteed by the Philippine government.

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